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STREAMLINING THE ACQUISITION PROCESS:
SHOULD PROGRAM DIRECTORS BE GRANTED
CONTRACTING AUTHORITY?

THESIS

George F. Champlain
Captain, USAF

AFIT/GCM/LSY/89S-3

DEPARTMENT OF THE AIR FORCE
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Wright-Patterson Air Force Base, Ohio

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CONTRACTING AUTHORITY?

THESIS

Presented to the Faculty of the School of Systems and
Logistics of the Air Force Institute of Technology

Air University

In Partial Fulfillment of the
Requirements for the Degree of
Master of Science in Contracting Management

George F. Champlain, B.A.
Captain, USAF

September 1989

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Abstract

In Air Force Systems Command (AFSC), program directors have overall responsibility for managing the acquisition of weapons systems. However, they have no contracting authority. The separation of responsibility and authority violates a basic management principle, which states that the level of responsibility and authority vested in an individual should be roughly equivalent. This situation may cause inefficiencies and undue organizational conflict in the acquisition process.

Thesis
The objective of this ~~research~~ is to determine whether the acquisition process can be streamlined by vesting program directors with contracting authority. Through a comprehensive mail survey of all program directors and procuring contracting officers (PCOs) in AFSC, the perceptions of the key individuals in systems acquisition were measured to determine if shifting contracting authority to program directors would improve the acquisition process.

The results of the survey revealed that the present authority relationships via the matrix organization work reasonably well, and should remain intact. Both program directors and PCOs emphasized the importance of the current check and balance system.

The survey also found a moderate level of conflict between program directors and PCOs, and low conflict between the Government and defense contractors. Finally, the research revealed that both program directors and PCOs are highly educated and experienced; a finding which appears to contradict the findings of the Packard Commission.

— 7.6 —

STREAMLINING THE ACQUISITION PROCESS:
SHOULD PROGRAM DIRECTORS BE GRANTED
CONTRACTING AUTHORITY?

I. Introduction

General Issue

In DOD systems acquisition, program directors are responsible for the overall success of their programs. However, they have no legal authority to direct contractors. The separation of responsibility and authority of program directors may cause undue organizational conflict and lead to inefficiencies in acquiring defense systems. This situation may have a negative impact on national defense.

Specific Problem

The program director's overall responsibility, coupled with his or her lack of contracting authority, may reduce effectiveness and result in delays in the acquisition process.

Research Objective

The objective of this research is to determine whether the acquisition process can be streamlined by vesting program directors with contracting authority in Air Force Systems Command (AFSC). The research measured the attitudes

of program directors and procuring contracting officers towards shifting authority.

Background

Contracting officer authority is explicitly stated in the Federal Acquisition Regulation (FAR). FAR part 1.601 states, "contracts may be entered into and signed on behalf of the Government only by contracting officers." FAR 1.602-1(b) states that no contract shall be entered into unless the contracting officer ensures that all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, have been met. FAR also addresses contracting officer responsibilities:

Contracting officers are responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships. In order to perform these responsibilities, contracting officers should be allowed wide latitude to exercise business judgment.
(FAR 1.602-2)

The program director has broad overall responsibility in the acquisition process. FAR 34.004 states that the program director, as specified in agency procedures, shall develop an acquisition strategy tailored to the particular major system acquisition program.

In practice, Fox states that program directors are expected to:

1. establish firm and realistic system and equipment specifications;
2. define organizational relationships and responsibilities;
3. identify high-risk areas;
4. select the best technical approaches;
5. explore schedule, cost, and technical performance trade-off decisions;
6. establish firm and realistic schedules and cost estimates;
7. formulate realistic logistics support and operational concepts; and
8. lay the groundwork for contracting for the program (Fox, 1988:153).

Thybony also emphasizes the importance of the program director in the acquisition process. He states:

A program director is an acquisition official directly and continuously charged with coordinating and managing all phases of a program. The Program Director intensively integrates diverse functional activities on a timely and systematic basis to achieve a coordinated concentration of resources on the objectives of a specified broad task. The program director uses contracting as an important and necessary tool in achieving program objectives. (Thybony, 1987:70-71)

Despite the amount of responsibility vested in DOD program directors, they have no legal authority. Rather, they must achieve program objectives within a system of checks and balances, drawing on many specialized functional areas, including contracting. This organizational structure is known as a matrix. A matrix organization abandons the single chain of command in favor of a multiple command structure (Davis & Lawrence, 1977:3). Two key roles in a matrix organization are the matrix managers and the subordinate two-boss managers (Davis & Lawrence, 1977:46). Matrix managers consist of program directors, who are responsible for all technical and business aspects of programs, and functional directors, who are responsible for each of the various specialties in the organization. Program directors usually draw on numerous functional specialties to make up a project team.

Authority by its very nature is split between the functional division with its emphasis on support activities, and the project team with its emphasis on results (Cleland, 1984:260). Two-boss managers work for both a functional director and a program director. The functional director usually has formal authority over the two-boss manager, but the subordinate manager is responsible for supporting the program director. Two boss managers are often in a difficult position because they must weigh the conflicting interests of the two bosses.

In the Air Force, program directors have overall responsibility for weapon systems. Procuring contracting officers (PCOs) work under program directors, but formal authority over PCOs is usually held by the functional boss (Director of Contracting). The position of the PCO is unique, because the Federal Acquisition Regulation (FAR) designates the PCO as the only individual with the authority to direct contractors, even though the program director is responsible for the overall success of the program. In essence, PCOs may be required to make decisions which directly contradict the initiatives of program directors.

The basic problem in a matrix organization is striking the correct balance between two types of objectives and between the influence and authority of the individuals responsible for their achievement (Knight, 1977:162).

The current relationship between program directors and contracting officers contradicts basic management principles. One of Fayol's principles of management is that authority and responsibility go together; the right and power to give orders is balanced by the responsibility for performing necessary functions (Fayol, 1949:21-22).

The parity principle states that the authority and responsibility of any manager should be equal:

A manager's authority should provide him or her with the power to make and enforce decisions concerning assigned or defined duties. Authority without responsibility has no ultimate purpose or justification for existing; likewise, responsibility without authority to carry out assigned duties has a hollow ring. (Terry & Franklin, 1982:223)

The scalar principle states that authority and responsibility should flow vertically from the highest level of the organization to the lowest, and all responsibility should be clearly defined and assigned to particular positions (Albanese, 1975:310).

According to Knight, "unless a conscious attempt is made to equip project managers with some sources of specific power, the responsibility without defined authority approach is likely to prove ineffective".

Numerous studies have focused on authority relationships between program directors and contracting officers:

1. Seventy program directors responding to the Packard Commission survey reported that their authority ranged from marginally adequate to very inadequate (Fox, 1988:155).

2. In a thesis completed in 1975, Block and Hadlow interviewed 50 contracting officers at Aeronautical Systems Division, to study authority-power-influence relationships between program directors and contracting officers. Twenty-five contracting officers completed an eight statement questionnaire dealing with their relationship with program directors, while the other twenty-five contracting officers completed a similar questionnaire addressing their relationship with the staff directorate of procurement. The study found little conflict in the authority relationships of contracting officers in relation to program managers and contracting directors (Block and Hadlow, 1975:52).

3. In 1987, the Ad Hoc Committee on the Role of DOD Contracting Officers, Section of Public Contract Law, American Bar Association, conducted a study of contracting officers across the United States. The committee interviewed 40 contracting officers in the military services and the Defense Logistics Agency, along with 60 contractor representatives (Cavanagh and Dembling, 1988:30). The study concluded that there is a steady and continuous erosion of the authority of DOD contracting officers. The study also recommended that the present line of authority from the contracting officer, through the Head of Contracting Agency, to the Senior Service Acquisition Office, should be preserved (Cavanagh and Dembling, 1988:31).

4. In 1986, the General Accounting Office (GAO) interviewed a panel of Air Force, Army, and Navy program directors and contracting officers. While the consensus was that the program director should be in charge, panelists could not agree on whether the person directly responsible for getting the contracting events done should be the contracting officer, the program office business manager, or someone else (GAO, 1986:43). The GAO recommended that the role of the program director and contracting officer be clarified.

Program directors sometimes view the contracting officer as a roadblock to the project. In late 1983, the Commander of Naval Sea Systems Command directed a board of senior officers to oversee a study and determine the nature of the conflicts and prepare a report summarizing the significance of the difficulties. The report contained the following quotations from command executives, about contracting officers:

The contracting officer is not well enough informed on the technology involved in the acquisition. He doesn't understand the ball game.

The contracting officer delays the process. For example, he holds up the procurement request for additional justification when the sole source is obvious.

The contracting officer holds too much authority, considering most of the negotiated issues directly impact the program.

The contracting officer lets too many competitors enter into the competitive range, complicating and delaying the discussion phases of the procurement.

The contracting officer attempts to extract dollars from the contractual agreement, even though it is established that the entire project is underfunded.

The contracting officer is slow in his reaction to changes. (Sherman, 1987:82)

In many cases, industry contractors have difficulty figuring out whether the contracting officer or program director controls the contracting process (Fox, 1974:174). In the Ad Hoc study, contractor representatives surveyed believed that although the contracting officer should be a key element in the acquisition process, that position is increasingly becoming a conduit for transmission of judgmental decisions made elsewhere by others (Cavanagh and Dembling, 1988:32).

The current matrix structure may have negative effects on individuals, especially contracting officers. Ambiguous roles have been shown independently to be a major source of personal stress, and can lead to job dissatisfaction (Knight, 1977:167).

The authority and responsibilities of the contracting officer and program director are unique. The relationship can cause difficulty in effectively managing contracting functions and programs. Although other studies have addressed the conflicts between contracting officers and program directors, only the Ad Hoc Committee study addressed the line of authority for contracting officers. However, the committee didn't interview or study program directors.

The proposed study specifically addressed shifting contracting authority to program directors in an attempt to streamline decision making in the acquisition process, reduce organizational conflict, and bring the relationship in line with Fayol's basic management principle.

The study captured the attitudes and feelings of the actual participants; program directors and procuring contracting officers. By studying their perspectives, perhaps an effective plan of action can be formulated.

II. Methodology

Justification

The mail survey approach was the most effective way to obtain the opinions of all program directors and procuring contracting officers in Air Force Systems Command, given time and cost constraints. The population studied comprised 364 individuals, located at five Air Force bases, in four states. Because of the size and geographic dispersion of the population, neither personal nor telephone interviews were feasible. C. William Emory states, "the more dispersed the sample, the more likely it is that mail will be the low-cost method" (Emory, 1985:172). Dillman also stresses the economic advantage of mail surveys:

Mail surveys are usually cheaper than those done by telephone, with the advantage growing larger as the sample size and geographical dispersion increase. The economies of scale possible in mail surveys present a decided advantage for that technique. (Dillman, 1978:70)

In addition, more than 50 individuals in the population are senior military officers, including eight general officers. These individuals have immense responsibilities and hectic schedules, making lengthy personal or telephone interviews infeasible. Therefore, the mail survey approach was most appropriate.

Once again, C. William Emory states, "Another value in using mail is that we can contact respondents who might otherwise be inaccessible. Persons such as corporate executives are difficult to reach in any other way" (Emory, 1985:172).

Population

Because the survey was sent to all program directors and procuring contracting officers (PCOs) in Air Force Systems Command (AFSC), the group comprised an entire population. The population can be thought of as a group consisting of the key individuals in the acquisition process. Therefore, the steps taken to validate a sample, including ensuring an adequate sample size, and choosing an appropriate confidence level, weren't necessary for this study.

The population was located at the five major buying divisions in Air Force Systems Command; Aeronautical Systems Division, Munition Systems Division, Ballistic Systems Division, Electronic Systems Division, and Space Systems Division. The program directors in this study were only those in charge of major weapon systems. The majority of the directors surveyed were colonels. Their names and mailing addresses were secured by obtaining a list from Headquarters, Air Force Systems Command. Fifty-four program directors were surveyed.

The 310 contracting officers in this study were those designated as procuring contracting officers (PCOs). In order to be designated as a PCO, an individual must first be recommended by his or her supervisor, based on experience and job performance. Upon recommendation, the candidate must pass a one to three hour oral exam, administered by a contracting board.

The board is usually made up of the Deputy for Contracting, the Head of Contracting Policy, the Head of Contracting Committee, and the Director of Contracting at the office where the individual will be assigned. The PCO candidate must demonstrate a high degree of knowledge, expertise, and effective communication skills in order to pass the exam and be designated as a PCO.

The list of PCOs was originally generated through the Automated Management Information System (AMIS). The list was validated by contacting the Directorate of Contracting at each buying division by telephone, and verifying names and organizational mailing addresses.

Because of the size of Aeronautical Systems Division, telephone verification of PCOs was not feasible. Therefore, an up-to-date organizational chart of the Deputy for Contracting and Manufacturing (ASD/PM), with PCO designations, was obtained.

Survey Design

The literature review, the author's intuition, and discussions with faculty members and students formed the groundwork for development of the initial survey. Through an iterative process, the survey was revised, based on discussions with the author's thesis advisor. The next step involved administering the survey to 15 students in the Graduate Contracting Management (GCM) program. The GCM students represent a group of experienced contracting professionals, including several former PCOs. Minor changes were made to the survey, based on the inputs received from the GCM students.

The final mail survey consisted of 34 questions. Questions 1 through 7 dealt with efficiency, 8 through 12 addressed organizational conflict, 13 through 15 dealt with contract compliance, and 16 through 18 dealt with relations between the Government and defense contractors. Three of the four dependent variables; efficiency, organizational conflict, and contract compliance, were composite variables. The fourth variable; relations, was a simple variable. After testing for reliability using Cronbach's alpha, the three composite variables, along with the fourth variable, were used to test four null hypotheses. The variables, reliability analysis, and hypotheses are discussed fully in the "Discussion of Variables" section.

Questions 19 through 34 consisted of demographic questions, which helped establish patterns of responses, and provided useful data about the key people in acquisition. Questions 19, 22-25, 27, 30, and 34 were taken directly from a mail survey recently conducted by Curtis R. Cook (Cook, 1987:183-91). The fact that these questions had proven useful in a recent contracting survey added to their validity for this study.

Discussion of Variables

Variables Measuring the Current Environment. Before discussing the independent and dependent variables, it is important to discuss the variables which measure the current acquisition environment. The questions were designed to measure whether a perceived problem exists in the way the current program director/procuring contracting officer relationship is structured.

1. PCO Cost. Measures respondent perception of the degree of impact procuring contracting officers (PCOs) have on the final cost of a system.

2. PD Cost. Measures respondent perception of the degree of impact program directors (PDs) have on the final cost of a system.

3. Report. Records whether the PCO reports to the program director or the deputy for contracting.

4. PCO Conflict. Measures the degree of conflict PCOs currently experience with program directors.

5. PD Conflict. Measures the degree of conflict program directors experience with PCOs.

6. PCO Cooperation. Indicates the degree of cooperation PCOs experience with prime contractors.

7. PD Cooperation. Indicates the degree of cooperation program directors experience with prime contractors.

Independent Variable. The independent variable in this study is the shifting of contracting authority from procuring contracting officers to program directors. This study measures the effect the population believes the shift would have on the dependent variables.

Dependent Variables.

8. Efficiency. Webster's dictionary defines efficiency as the production of desired effects without loss or waste (Webster, 1974:232). In Government procurement, efficiency can be thought of as the purchasing of weapon systems in the most cost effective manner, using the optimal mix of resources.

The efficiency variable is a complex composite variable, consisting of four component variables; 8.a., 8.b., 8.c., and 8.d.

8.a. Procurement Administrative Lead Time (PALT). PALT is a measure of efficiency because it measures the time between the receipt of the requirement and the signing of the contract. The objective of this variable is to measure whether shifting authority to the program director would affect PALT by allowing the individual with the responsibility to also have contracting authority.

8.b. Time To Reach Initial Operational Capability. This variable measures whether shifting authority would affect the time it takes a weapon system to reach initial operational capability.

8.c. Overall Costs. This variable measures whether shifting authority would affect the overall cost of weapon systems.

8.d. Less Personnel. Measures whether shifting authority would change the number of personnel required to procure a weapon system.

9. Organizational Conflict. Terry and Franklin define conflict as "opposition or dispute between persons or groups within the firm" (Terry and Franklin, 1982:246). In this study, organizational conflict is a complex composite variable, made up of two variables.

9.a. Reduced Conflict. This variable measures whether shifting contracting authority to program directors would affect the level of conflict between program directors and procuring contracting officers.

9.b. Overall Conflict. Measures whether shifting contracting authority would affect the overall level of conflict in the program office.

10. Contract Compliance. Indicates whether contractors would abide by all applicable laws and regulations concerning government contracts. Contract compliance is a complex composite variable, consisting of two component variables; 10.a. and 10.b.

10.a. Contract Disputes. This variable measures whether shifting contracting authority would affect the number of contract disputes between the government and its prime contractors.

10.b. Verbal Discussions. Measures whether shifting contracting authority to program directors would lead contractors to consider verbal discussions with the program director as contractually binding.

11. Relations. This variable measures whether shifting contracting authority would affect relations between the government and defense contractors.

Independent Control Variables. In addition to the variables already discussed, the following control variables were analyzed to determine their effect on the relationship between the independent variable, shifting contracting authority, and the dependent variables.

12. Work. This variable records where the respondent works. The "other" selection choice was used to account for respondents who might work in a specialized buying activity, separate from the five buying divisions.

13. Service. This variable records whether the respondent is currently in the military or civil service.

14. Rank. This is an optional question, recording the military or civil service grade of the respondent.

15. Age. Self-Explanatory.

16. Sex. Self-Explanatory.

17. Education. Highest formal education completed.

18. Study. Records the major field of study for the highest level of education.

19. DSMC. Records the number of program directors who have attended the program management course offered by the Defense Systems Management College.

20. PCO Experience. Records the contracting experience level of procuring contracting officers (PCOs).

21. Director Experience. Records the program management experience level of program directors.

22. Job Title. Records the job title of the respondent.

23. Certification. This variable measures whether the respondent has received any acquisition related certifications. The "other" selection was used to record acquisition certifications not listed in the survey.

24. Dollar Level. This is an optional question that records the dollar level of the program the respondent is currently working on.

25. Cycle. This variable records the phase of the acquisition cycle the respondent's weapon system is in.

26. Warrant. Measures program directors' desire to hold a contracting officer's warrant.

The following is a summary of the variables employed in this study.

TABLE 1			
SUMMARY OF VARIABLES			
<u>DEPENDENT VARIABLES</u>	<u>INDEPENDENT VARIABLE</u>	<u>CONTROLS</u>	
Efficiency Comprised of: PALT IOC Overall Costs Less Personnel	Shifting Contracting Authority from PCOs to PDs	Work Service Rank Age Sex Education Study DSMC	
Organizational Conflict Comprised of: Reduced Conflict Overall Conflict		PCO Exper PD Exper Job Title Certif	
Contract Compliance Comprised of: Verbal Disputes		Dollar Lv Cycle Warrant	
Relations			
<u>OTHER VARIABLES</u>			
PCO Cost PD Cost	PCO Conflict PD Conflict	PCO Coop PD Coop	Report

Operationalization of Variables. Operationalization of all variables was accomplished through the use of a written questionnaire. A mail survey of all program directors and procuring contracting officers in Air Force Systems Command (AFSC) was conducted.

Respondents were asked to express the extent to which they agreed or disagreed with a series of statements relating to the independent variable and the dependent variables. The Likert-type scale shown below was used to measure respondent attitudes:

STRONGLY	MILDLY		MILDLY	STRONGLY
1 AGREE	2 AGREE	3 NEUTRAL	4 DISAGREE	5 DISAGREE

For the variables measuring the current acquisition environment (variables listed as "OTHER" in Table 1), a different Likert-type scale was used, because the author felt it would provide a better measure of the current acquisition environment:

1 HIGH	2 MEDIUM	3 LOW	4 NONE
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Use of Likert-type scales is effective when a single indicator or dimension of a variable is not adequate to fully describe the variable (Cook, 1987:48). In this study, the variables "efficiency", "organizational conflict", and "contract compliance" were composite variables, made up of multiple component variables.

For each composite variable, the scores from its component variables were algebraically summed, to obtain an overall score. For the non-composite variables, raw scores were used.

The scores obtained for each of the variables were then used for data analysis, using the Statistical Package for the Social Sciences (SPSS_x). According to Cook, "Likert-type scales lend themselves to statistical analysis to a much greater degree than open-ended or nonstandardized questions" (Cook, 1987:49).

The control variables were operationalized by numbering of choices for each question. The data was then analyzed in a manner similar to the analysis of the composite and other variables. Where appropriate, the "other" choice was used to address areas where all choices could not be listed; for example, the variable "job title."

Reliability and Internal Consistency. Each composite variable was comprised of component variables thought to accurately measure the composite variables. In order to lend confidence to the reliability and internal consistency of each of the component variables, statistical tests were performed using the SPSS_x statistical software package. Cronbach's alpha was calculated for each of the composite variables, and interitem correlations were computed for the component variables.

As stated by Cook, the formula for Cronbach's alpha is shown below:

$$\alpha = \frac{N \bar{R}}{[1 + \bar{R} (N - 1)]}$$

where N is the number of items and \bar{R} (Rho) is the mean interitem correlation (the sum of all interitem correlations (r) divided by the number of items) (Cook, 1987:50).

The Cronbach's alpha calculations are shown below.

TABLE 2		
CRONBACH'S ALPHA FOR COMPOSITE VARIABLES		
<u>VARIABLE</u>	<u>COMPONENTS</u>	<u>CRONBACH'S ALPHA</u>
Efficiency	PALT IOC Overall Costs Less Personnel	.76
Organizational Conflict	Reduced Conflict Overall Conflict	.83
Contract Compliance	Contract Disputes Verbal Discussions	.60

Based on the findings of Nunnally and others, Cook states that .60 is the minimum suggested Cronbach's alpha to ensure an acceptable level of internal consistency (Cook, 1987:51). As shown in Table 2, all three composite variables met the .60 figure.

Hypotheses

In the literature review, responsibility and authority relationships were discussed. Under the current system, program directors have overall responsibility for procuring weapon systems, but they lack any contracting authority, which violates basic management principles. In addition, the matrix organizational structure in use results in unclear lines of authority, which can lead to undue organizational conflict. Based on these premises, four null hypotheses were developed; one to measure whether efficiency in the acquisition process can be improved; one to measure the effects of shifting contracting authority on organizational conflict; one to measure the effects of shifting authority on contractor compliance with Government contracts; and a fourth to measure whether shifting authority would affect relations between the Government and its prime contractors.

Since it was not possible to conduct an experiment wherein contracting authority was actually shifted to program directors and the effects directly measured, the attitudes of program directors and PCOs were measured toward what effects such a shift would have. Furthermore, informal inquiry led the author to believe, and thus to hypothesize, that the attitudes of program directors and PCOs were quite different on this issue. The following relationships reflect the suspected relationship.

Null Hypotheses.

H₀₁: There is no relation between position and attitudes towards what effect shifting contracting authority would have on efficiency.

H₀₂: There is no relation between position and attitudes towards what effect shifting contracting authority would have on organizational conflict.

H₀₃: There is no relation between position and attitudes towards what effect shifting contracting authority would have on ensuring compliance with terms and conditions of Government contracts.

H₀₄: There is no relation between position and attitudes towards what effect shifting contracting authority would have on relations between the Government and prime contractors.

Research Hypotheses.

H₁: An individual's position influences his or her attitude towards what effect shifting contracting authority would have on efficiency.

H₂: An individual's position influences his or her attitude towards what effect shifting contracting authority would have on organizational conflict.

H₃: An individual's position influences his or her attitude towards what effect shifting contracting authority would have on the ability of the Government to ensure contractor compliance with the terms and conditions of its contracts.

H₄: An individual's position influences his or her attitude towards what effect shifting contracting authority would have on relations between the Government and prime contractors.

Data Collection Plan

The survey was administered to the population following the guidelines of Dillman's Total Design Method. Initially, an advance letter was sent to each individual, briefly describing the content and importance of the survey. One week after the advance notification, the actual survey was sent. Finally, one week later, a follow-up letter was sent, thanking those who had completed the survey, and asking those who had not responded to do so as soon as possible.

Dillman emphasizes the importance of follow-up letters in mail surveys:

Without follow-up mailings, response rates would be less than half those normally attained by the Total Design Method, regardless of how interesting the questionnaire or impressive the mailout package. This finding, based on numerous surveys, makes a carefully designed follow-up sequence imperative. A well-planned follow-up is more than a reminder service. Each mailing provides a fresh opportunity for the researcher to appeal for the return of a questionnaire, using a slightly new approach. (Dillman, 1978:180-181)

Based on empirical research by Kanuk and Berenson, Emory also notes the importance of advance notification and follow-up letters:

The evidence indicates that advance notification is effective in increasing response rates; it also serves to accelerate the rate of return. Follow-ups, or reminders, are almost universally successful in increasing response rates. Since each successive follow-up results in added returns, the very persistent researcher can potentially achieve an extremely high total response rate. (Emory, 1985:173)

Survey Response Pattern.

The following is the pattern of survey responses:

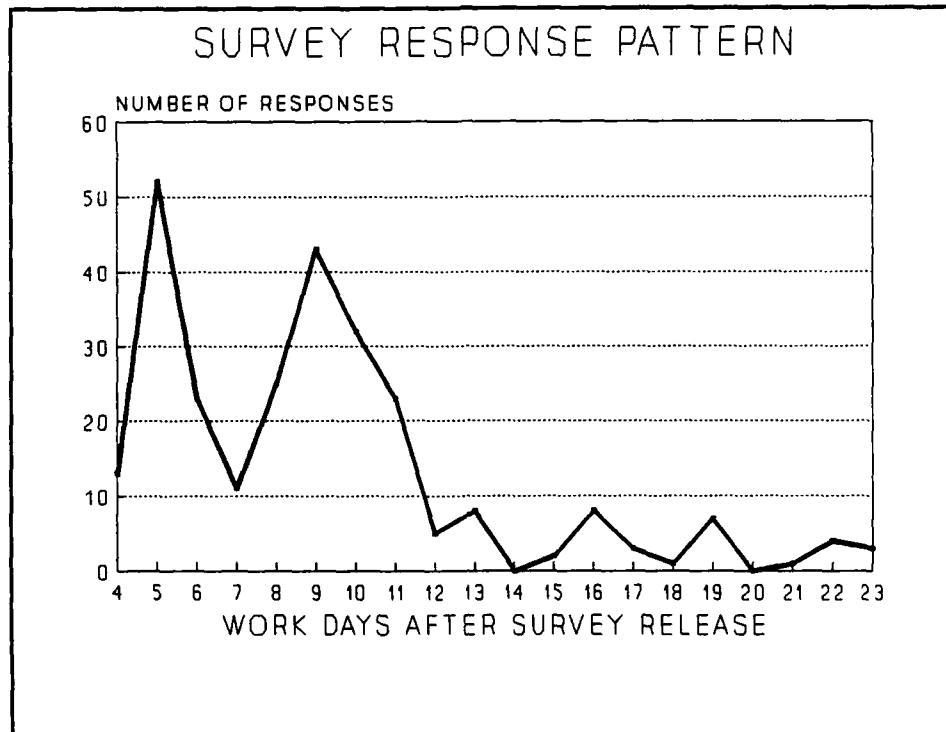


Figure 1 Survey Response Pattern

An analysis of figure 1 lends support to Dillman's Total Design Method for mail surveys. Responses were strong in the first six days after the mailing of the survey, but responses began to taper off by the seventh day. Soon after the follow-up letter was sent (one week after the initial mailing), responses increased dramatically (as shown by the second spike in response rates). Responses continued to "trickle" in for 23 work days after the initial mailing.

A total of 264 responses were received from a population of 364 individuals, for a response rate of 72.5%. As shown in figure 1, nearly 72% of the 264 responses were received in the first 11 days after mailing, indicating a strong interest by the population.

Splitting the population into two groups; program directors and PCOs, the response rate was strong in both groups, but was much higher among program directors. In the program director group, there were 48 respondents out of 54 surveys sent, for a response rate of 88.9%. For PCOs, 216 responses were received, out of 310 sent, for a response rate of 69.7%. Clearly, both groups (which comprise the population under study) showed a high degree of interest.

Limitations

The study has two primary limitations. First, the survey was limited to program directors and procuring contracting officers in Air Force Systems Command (AFSC). Due to differences in policies and procedures between AFSC and other federal government buying agencies inside and outside of the Department of Defense, the results of this survey cannot be directly generalized to other agencies. Second, the questions developed to test the four hypotheses were assumed to capture the intended data, and assumed to be interpreted in a similar manner by all respondents.

III. Data Analysis and Findings

This section begins with a look at the characteristics of the key personnel in systems acquisition. First, the characteristics of the PCOs are shown, followed by the program directors. Second, data on the current acquisition environment is analyzed. Finally, the hypotheses are tested using the SPSS_x crosstabulation procedure.

Procuring Contracting Officer Data

As figure 2 indicates, 59.6 percent of all PCOs work at Aeronautical Systems Division, with Electronic Systems and Space Systems Divisions employing most of the remaining PCOs.

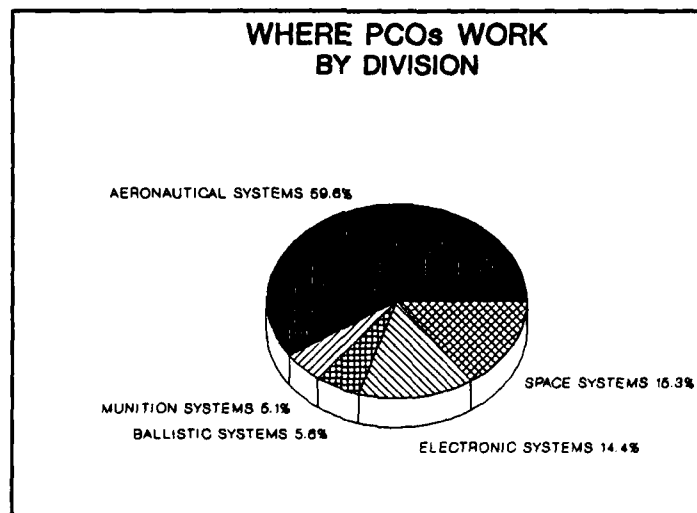


Figure 2 Where PCOs Work

Figure 3 shows that the overwhelming majority of PCOs are civil service, while only 12.6 percent are in the military.

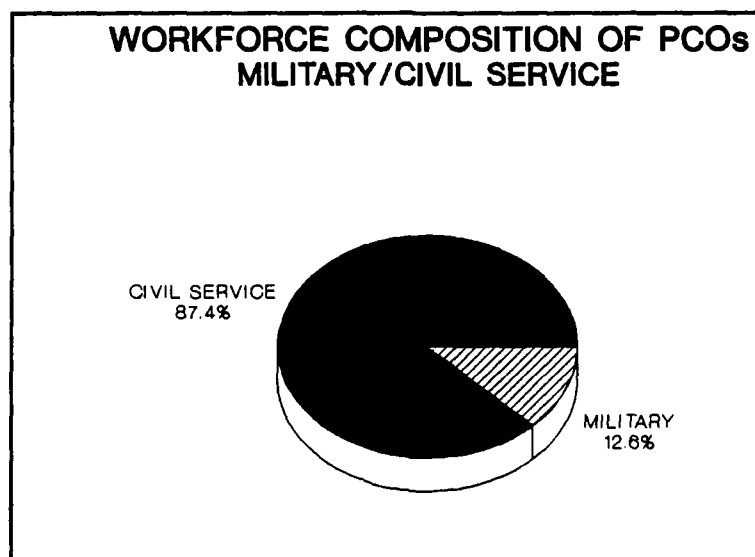


Figure 3 Workforce Composition of PCOs

Looking at the make-up of the grade structure, figure 4 shows that 74.6 percent of the PCOs are GS-12s or GM-13s, while 16 of the 26 military PCOs are Captains.

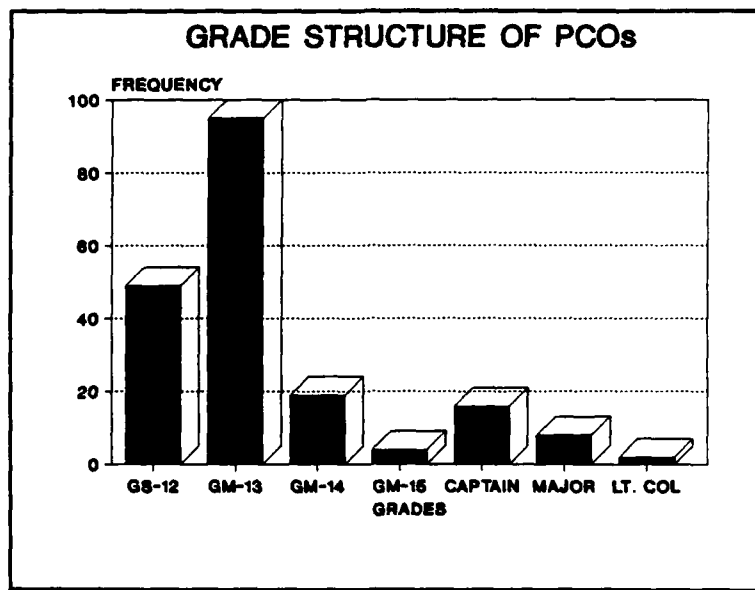


Figure 4 Grade Structure of PCOs

Figure 5 reveals that the mean age of PCOs in AFSC is 41.4, while the median is 41, and the mode is 42. The distribution shows that the PCO workforce has a slight skewness towards the younger ages. Figure 6 shows that the majority of the PCOs are male.

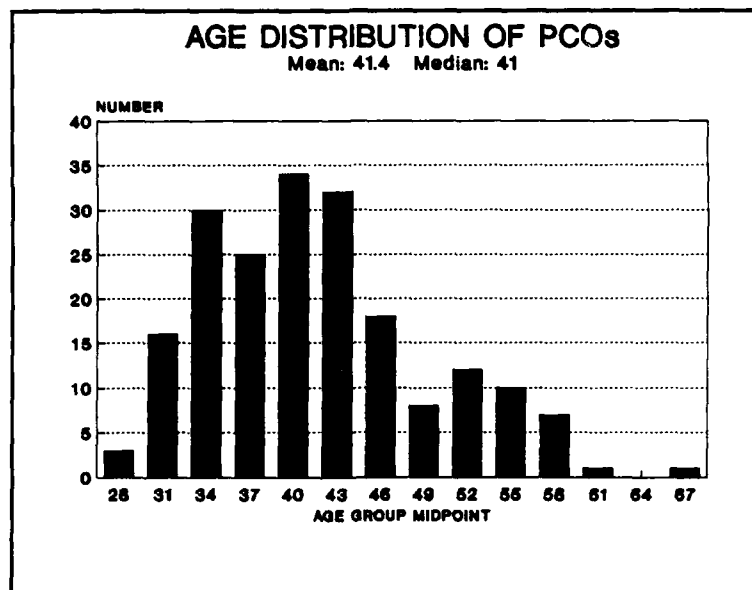


Figure 5 Age Distribution of PCOs

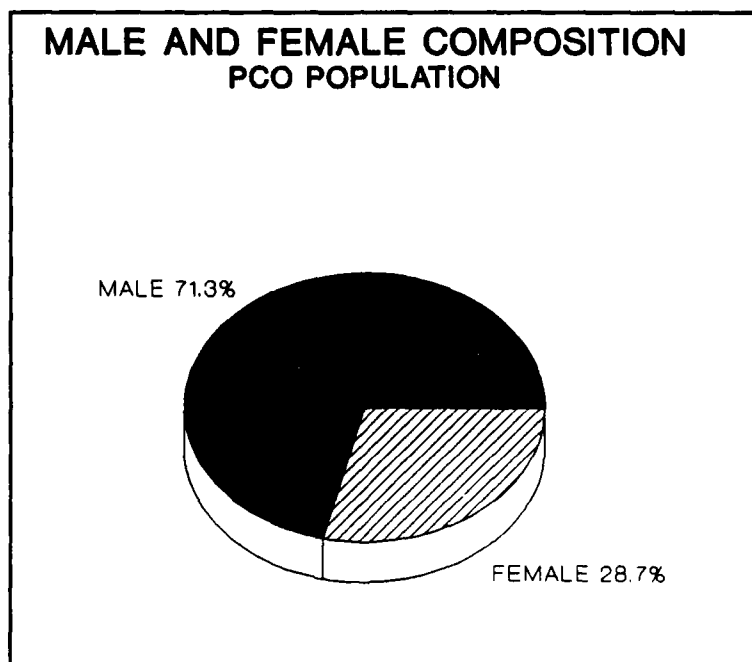


Figure 6 Male and Female Composition

Figure 7 indicates that the PCO workforce is highly educated. More than 48 percent of all PCOs have a masters degree, while all respondents held at least an undergraduate degree. This finding, along with Cook's research, appears to contradict the findings of the President's Blue Ribbon Commission on Defense Management (known as the Packard Commission). In his doctoral dissertation, Cook cites the commission report, which states that the procurement workforce is undertrained, underpaid, and inexperienced (Cook, 1987:1-2). However, his research showed that federal contract managers were highly trained, experienced, and well-educated (Cook, 1987:98).

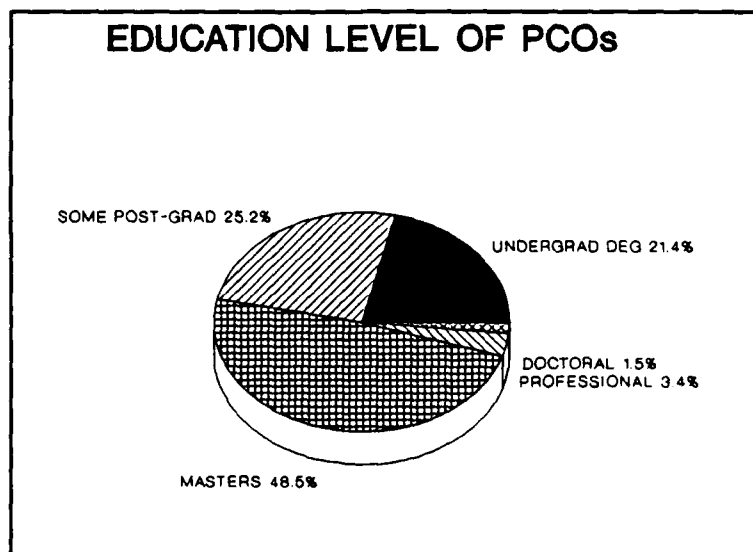


Figure 7 Education Level of PCOs

Looking at the major field of study of the PCOs in figure 8, the majority hold business degrees at their highest level of study, indicating their emphasis on business acumen.

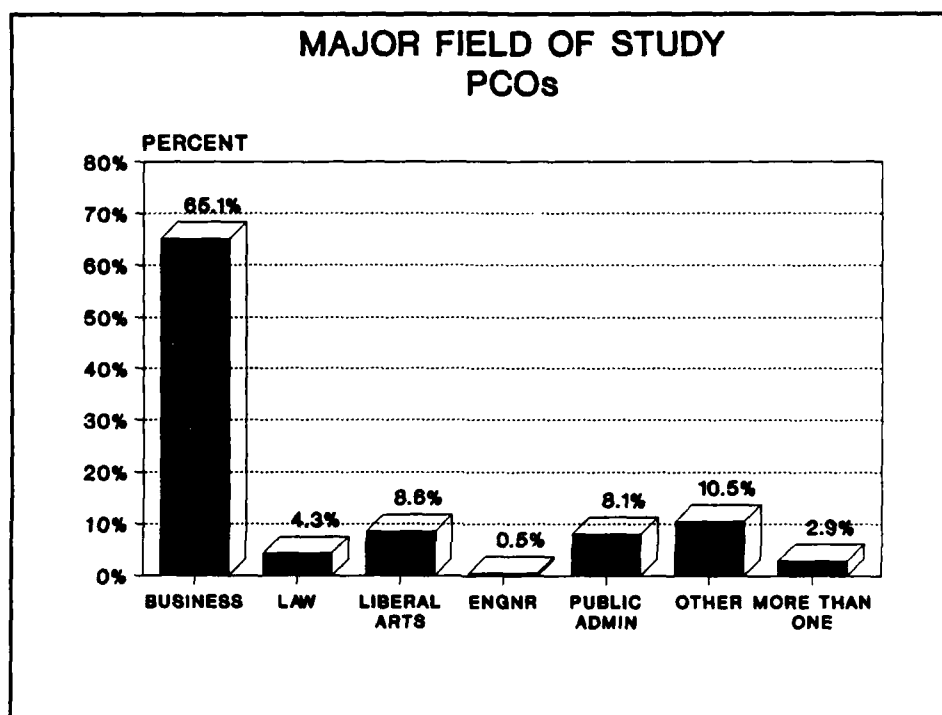


Figure 8 Major Field of Study (PCOs)

Figure 9 shows that the PCO workforce is highly experienced. This finding, along with the finding on education levels, also seems to contradict the Packard Commission Report. More than 30 percent of the PCOs surveyed have 16 or more years of contracting experience, and 88.8 percent have seven or more years of experience.

The contradiction with the Packard findings may be based on the premise that the commission drew its conclusions by analyzing a much broader, less experienced spectrum of the procurement workforce. Clearly, the PCOs in Air Force Systems Command are an experienced group.

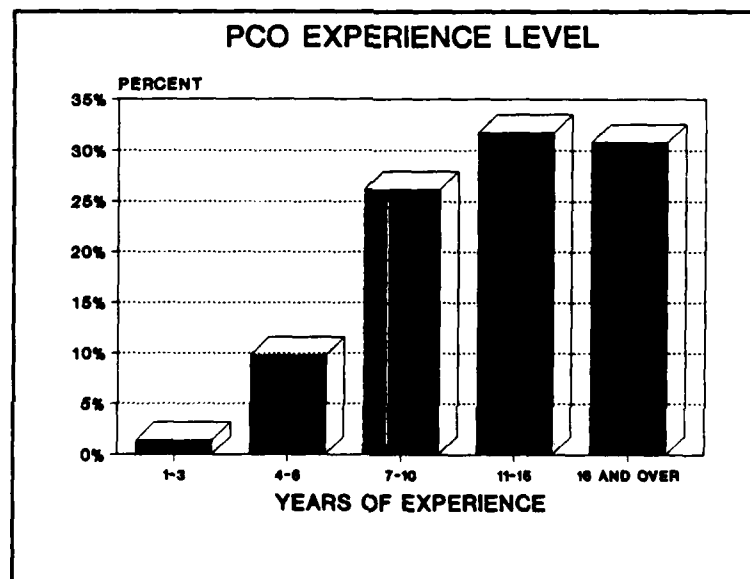


Figure 9 PCO Experience Level

Many PCOs also have professional certifications to complement their education and experience. Figure 10 shows that nearly 29 percent of the PCOs are certified professional contract managers (CPCM). The CPCM is a professional designation offered by the National Contract Management Association. Most of the respondents who answered "other" are individuals who earned the professional designation in contract management from the Air Force Institute of Technology (AFIT). The fact that 56.4 percent of the PCOs are not certified may indicate an area where the acquisition workforce can be improved.

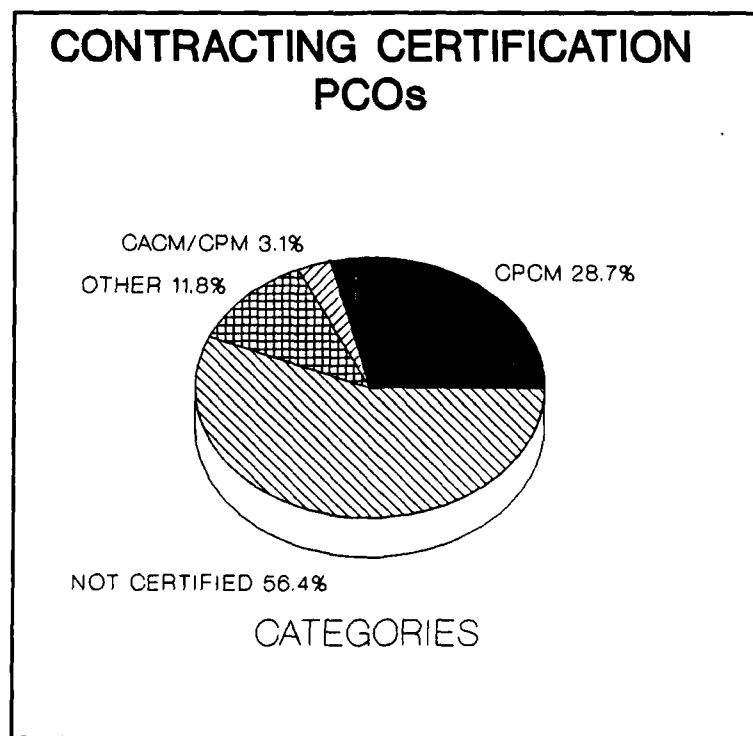


Figure 10 PCO Certification Levels

Program Director Data

Figure 11 indicates where program directors are assigned.

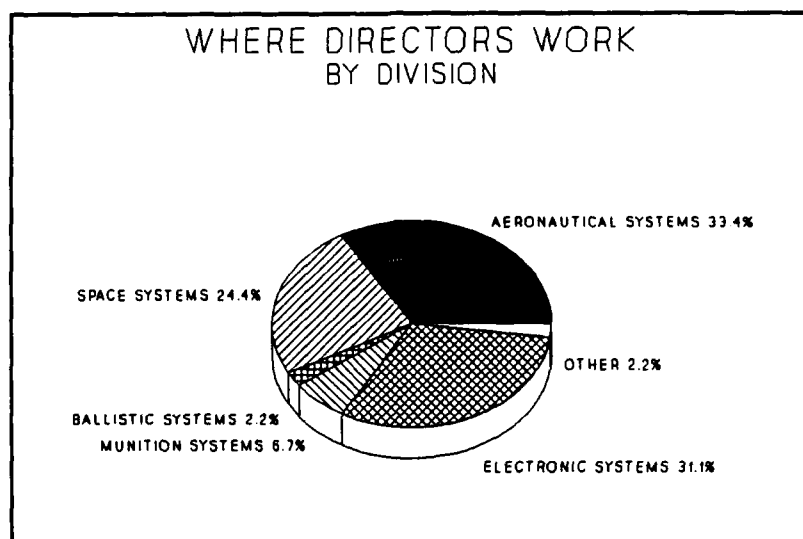


Figure 11 Where Directors Work

Comparing the workforce composition of program directors with PCOs at each buying division (figure 12), there are significant differences. For example, only 33.4 percent of the program directors work at Aeronautical Systems Division (ASD), whereas 59.5 percent of the PCOs work at ASD. Also, 31.1 percent of the directors work at Electronic Systems Division (ESD) and only 14.4 percent of the PCOs work at ESD. This could be due to differences in the size of weapon systems, differences in organizational structure, or other factors.

WHERE DIRECTORS/PCOs WORK BY DIVISION

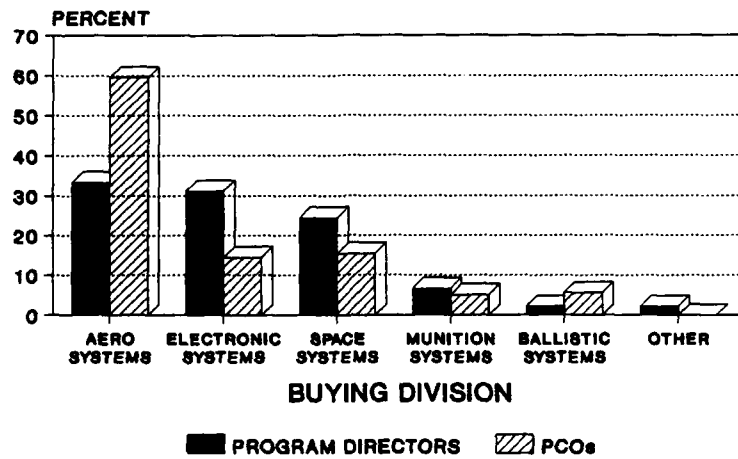


Figure 12 Where Directors/PCOs Work

Figure 13 shows that the overwhelming majority of program directors in AFSC are in the military; most directors are colonels (figure 14).

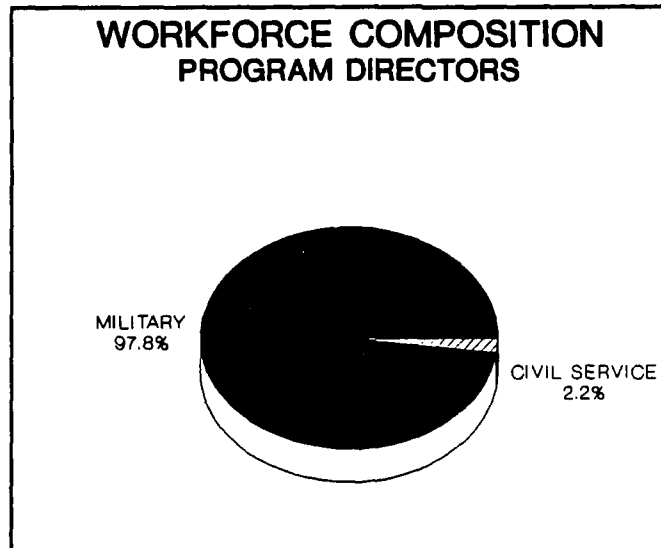


Figure 13 Workforce Composition of Directors

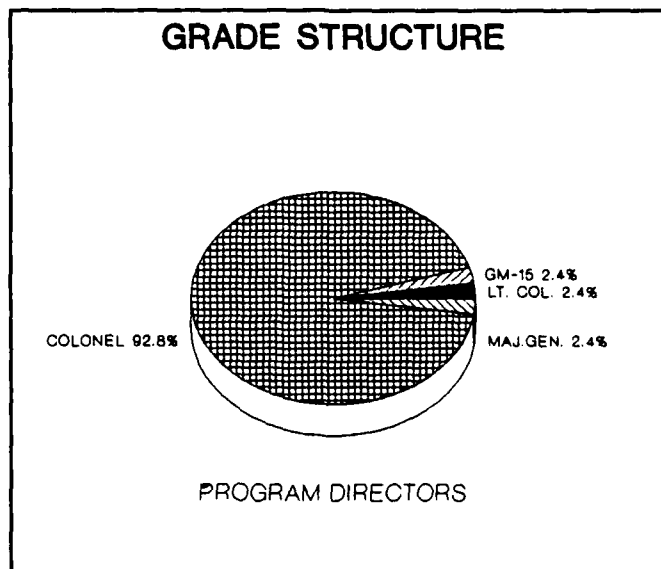


Figure 14 Grade Structure of Directors

The age distribution of the program directors, shown in figure 15, falls in a very narrow range, tightly clustered around 46 years old. The mean is 46.47, with a standard deviation of 2.65. The median and mode are both 46 years. In addition, all directors in this study are males.

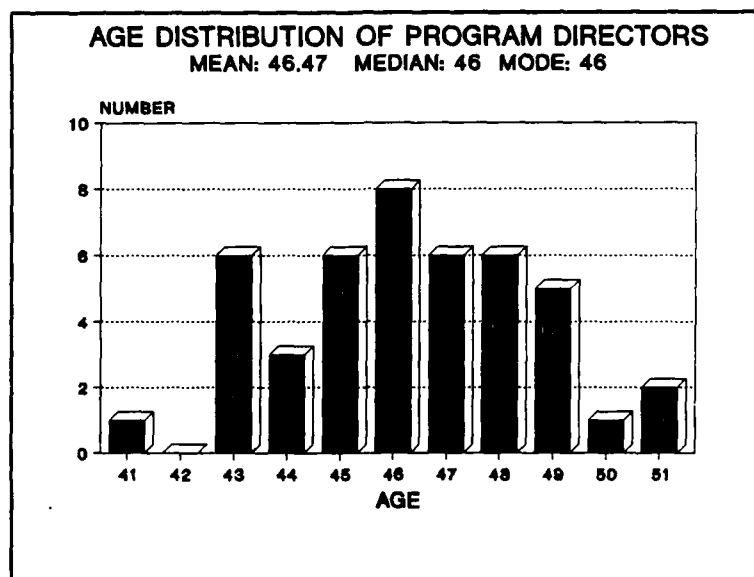


Figure 15 Age Distribution of Directors

Figure 16 indicates that program directors are a very educated group, even more so than their PCO counterparts. All directors in this study have at least a masters degree, and more than 15 percent have a doctoral degree. The large number of masters degrees is due largely to the fact that the officer career development system more or less requires all officers to earn advanced degrees before being promoted to senior grades.

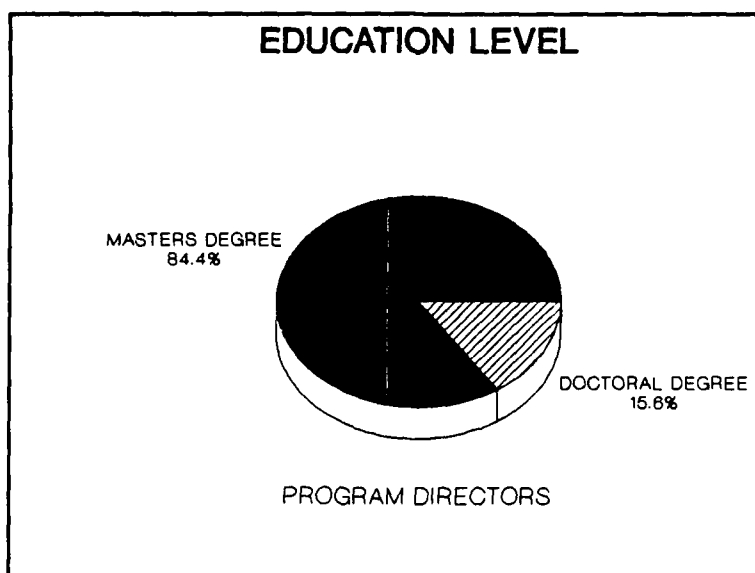


Figure 16 Education Level of Directors

As expected, a large percentage of program directors have engineering degrees; the 26.7 percent who have a masters degree in business more than likely studied engineering at the undergraduate level (see figure 17). The difference in education may explain differences in acquisition perspectives, with program directors focusing on technical and schedule issues, and PCOs on business issues.

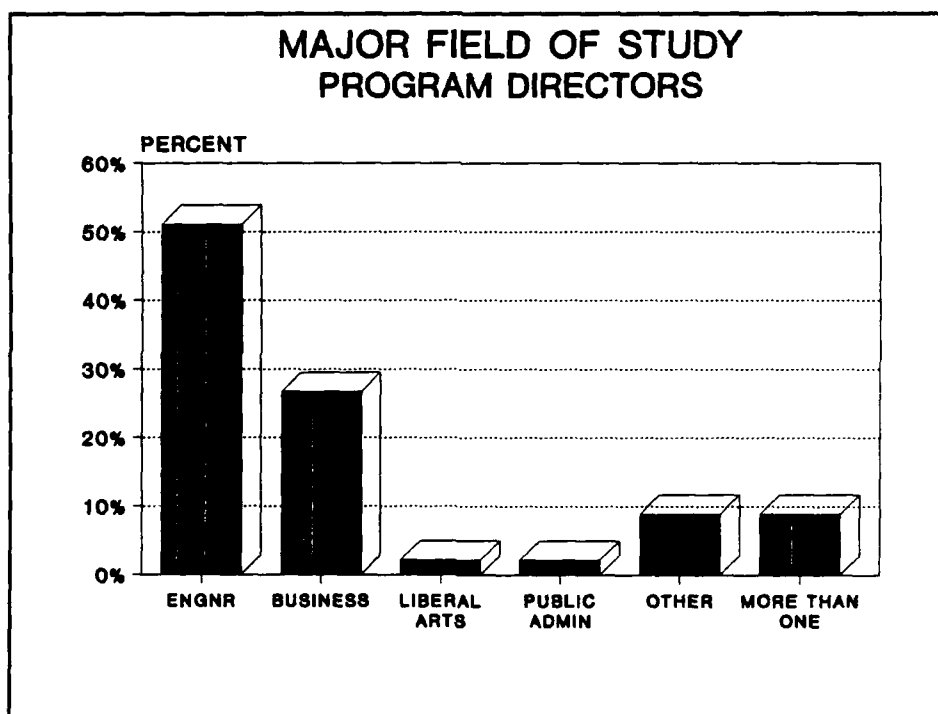


Figure 17 Major Field of Study (PDs)

About half of the program directors indicated that they had attended the four month program management course offered by the Defense Systems Management College (DSMC); surprisingly, none of the PCOs had attended the course (see figure 18).

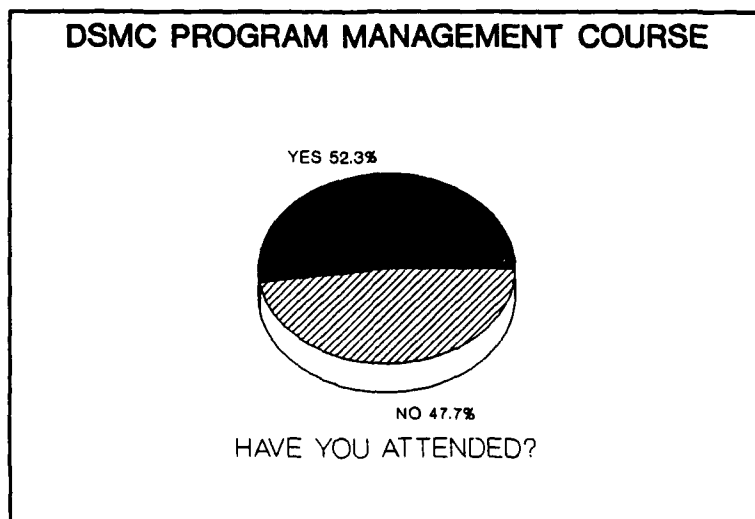


Figure 18 Director Attendance at DSMC

Figure 19 indicates that program directors in AFSC are highly experienced; more than 84 percent have at least seven years of program management experience. This finding is similar to the data on PCO experience, and also appears to contradict the Packard Commission Report.

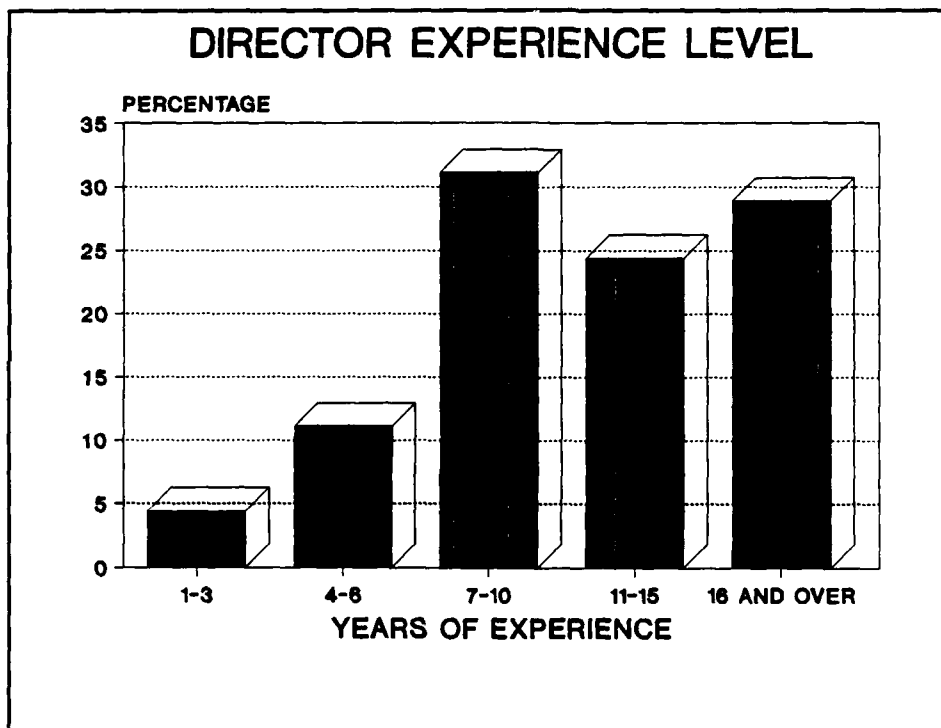


Figure 19 Director Experience Level

As indicated in figure 20, a large percentage of program directors don't have any professional certifications, which indicates an area of possible improvement in the acquisition workforce.

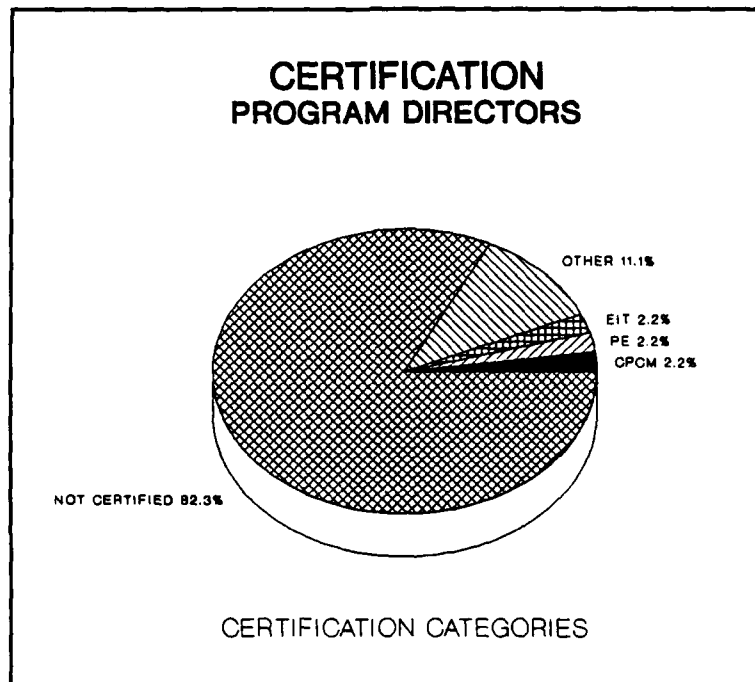


Figure 20 Director Certification Level

With all the discussion about their lack of authority to carry out their immense responsibilities, program directors were asked if they desired a contracting warrant. The results are shown in figure 21. Surprisingly, only 20.5 percent of the directors said they wanted a warrant. In their written comments, most directors stated that they simply wouldn't have the time or expertise to learn the myriad of contracting laws and regulations.

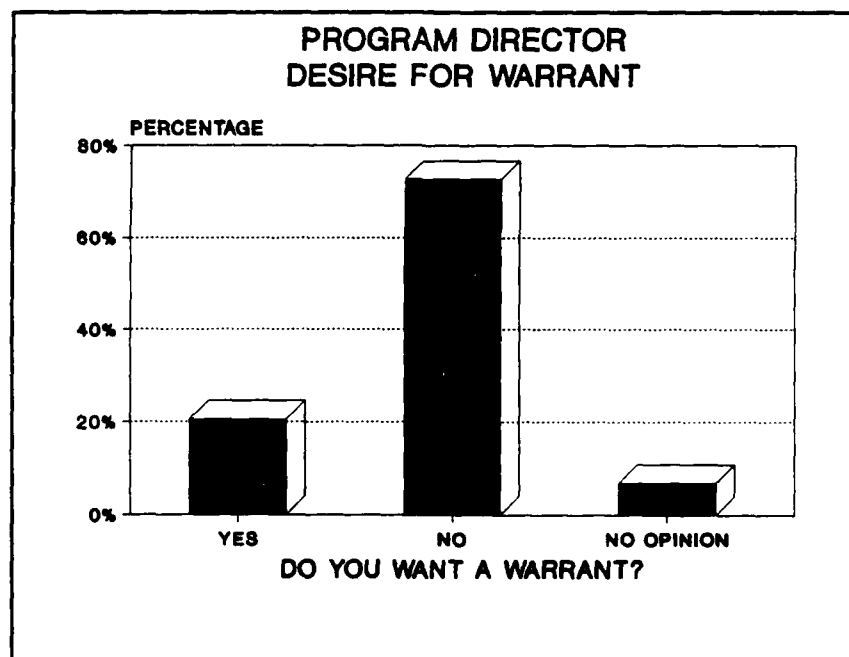


Figure 21 Directors Desire for Warrant

The Current Acquisition Environment

To gain perspective on shifting contracting authority to program directors, respondents were asked questions pertaining to the current acquisition environment. Responses in this section may provide insight into whether acquisition reform is needed at the program director/PCO level.

Weapon System Cost. Program directors and PCOs were asked what impact they thought they had on weapons system costs. The findings are shown in figure 22.

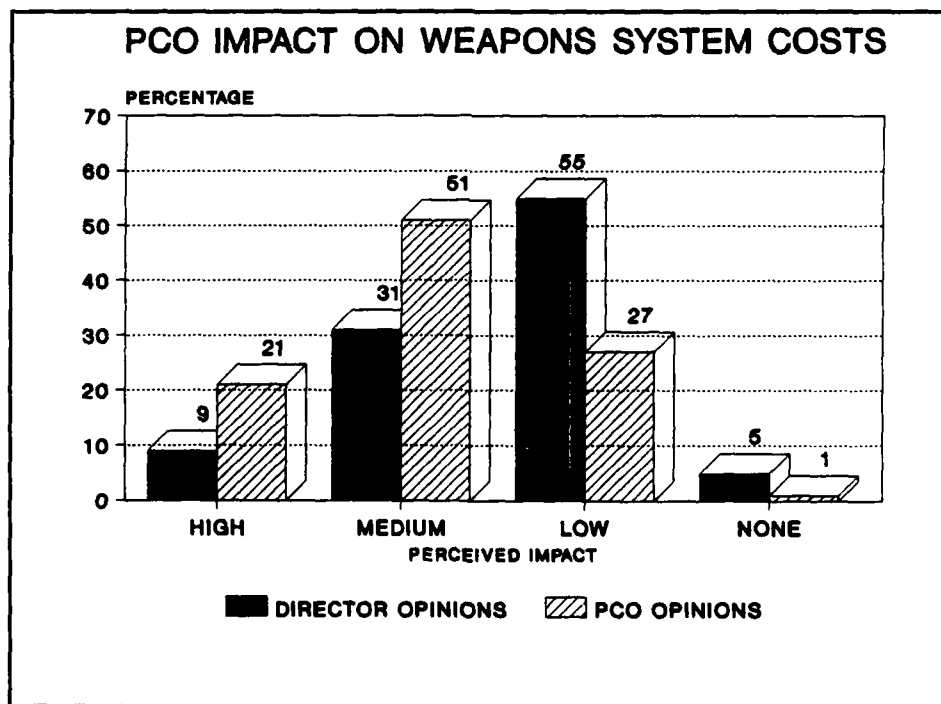


Figure 22 PCO Impact on Costs

Only 39.9 percent of the program directors believe that PCOs have a high or medium impact on system costs; more than 60 percent of the directors believe that PCOs have little or no impact on costs.

The PCOs responded quite differently. More than 72 percent of the PCOs believe they have a high or medium impact on system costs, and only about 28 percent feel they have little or no impact on system costs.

Figure 23 indicates that both program directors and PCOs believe that program directors have a significant impact on weapons system costs. Only about five percent of the program directors and 20 percent of the PCOs believe that the director has little or no impact on costs.

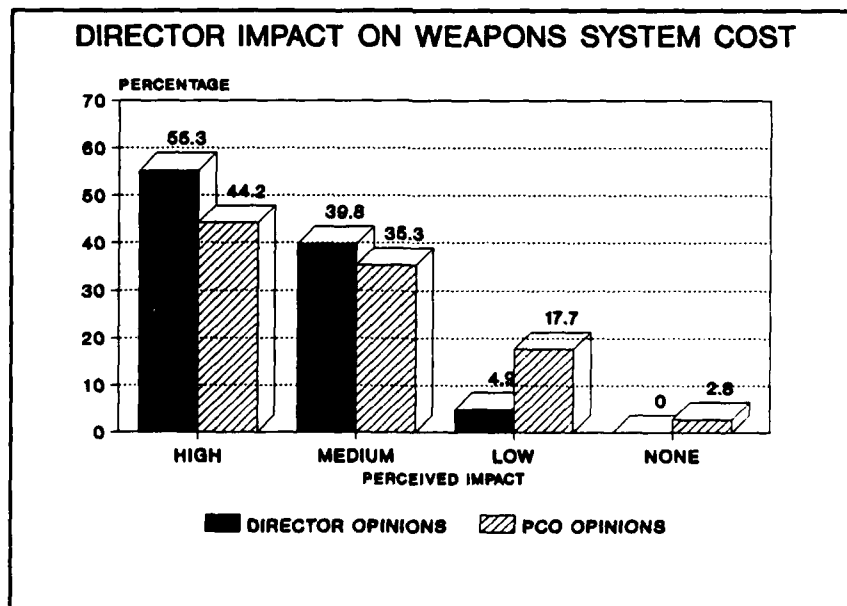


Figure 23 Director Impact on Costs

Reporting Authority. Figure 24 reveals that the majority of the PCOs still report to the Deputy for Contracting. The PCO respondents who answered "other" often worked in a specialized buying activity, such as research and development, or reported to an individual lower in rank than the Deputy for Contracting. It is possible that this question was misread by some respondents to mean "immediate supervisor."

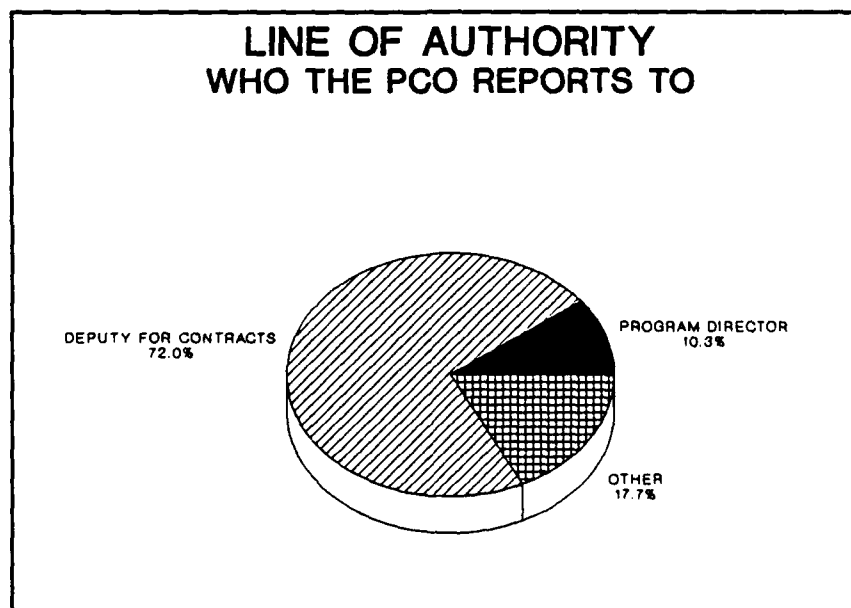


Figure 24 PCO Line of Authority

Organizational Conflict. Figures 25 and 26 indicate the degree of conflict program directors and PCOs experience with each other. The findings appear to support the predictions of many management theorists; when a matrix organizational structure is used, a certain level of conflict will exist. While nearly 66 percent of the program directors and 63 percent of PCOs indicated that they had low or no conflict with their counterparts, a relatively large 34 percent of directors and 37 percent of PCOs felt they had medium or high conflict with their counterparts. This finding appears to contradict the results of an AFIT thesis completed by Block and Hadlow in 1975. In their study, Block and Hadlow found little conflict between program directors and PCOs working at Aeronautical Systems Division (ASD).

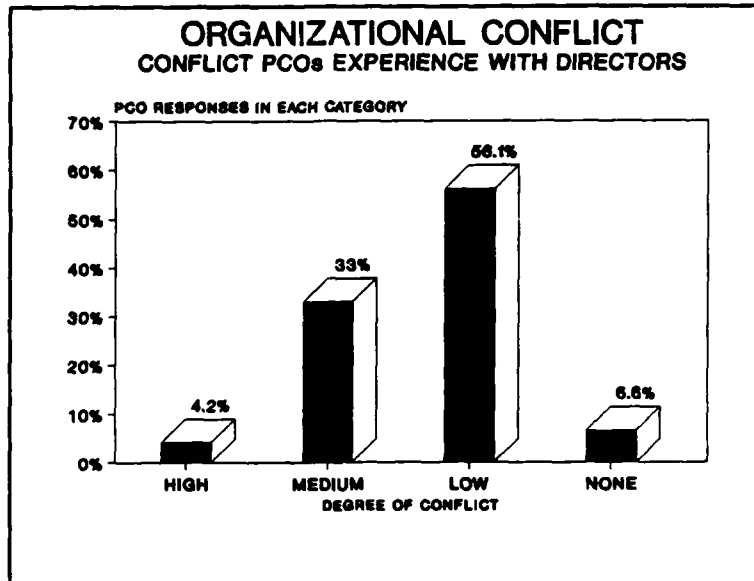


Figure 25 PCO Conflict with Directors

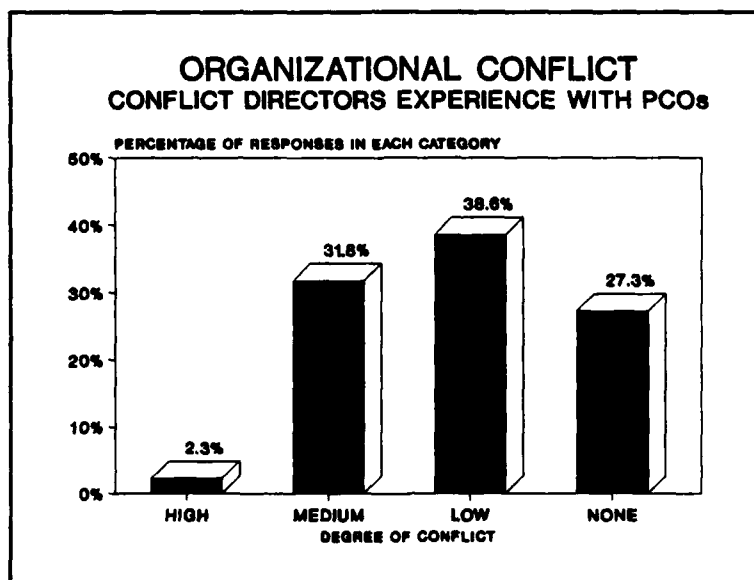


Figure 26 Director Conflict with PCOs

Relations With Prime Contractors. In this study, it was thought that the fragmentation of authority and responsibility was a cause of conflict between the government and the defense industry. Shifting contracting authority to program directors was thought to be a way of reducing conflict with industry. However, figure 27 shows that there is already a high degree of cooperation between the government and defense contractors, despite the fact that the program director lacks contracting authority.

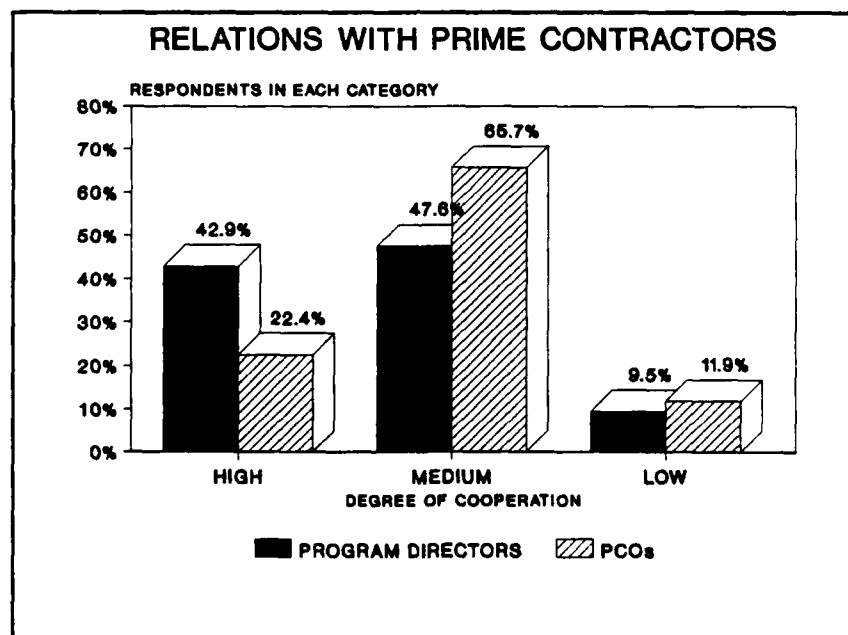


Figure 27 Relations with Prime Contractors

More than 90 percent of the directors stated they have at least a moderate degree of cooperation from industry. Even more striking is the fact that 88.1 percent of the PCOs stated they have a moderate or high degree of cooperation with their prime contractors. In the written comments section, an overwhelming number of PCOs stated that they act as the checks and balance system against program directors and prime contractors getting too close. The PCO comments seem to contradict their responses to this question. One would think that a group acting as a balancing system between two other parties would experience much less cooperation.

Before addressing the research hypotheses, it is important to discuss hypothesis testing when a population is involved, as opposed to a sample. When a population is analyzed, small differences can be used to reject the null hypothesis, even though the differences may not appear significant.

Meier and Brudney clarify the issue with the following example:

A management review shows that the state's expenditures grew at the rate of 10.7 percent per year before the reorganization and 10.4 percent after the reorganization. Since 10.4 percent is less than 10.7 percent, we reject the null hypothesis (that state expenditures did not decrease after the executive reorganization) and conclude that the growth rate in state expenditures declined after the reorganization. You may have objected to the conclusion above, thinking that a .3 percent decrease in the growth rate of expenditures was not significant. If you meant statistically significant, you were incorrect. Since these are exact population parameters, statistical significance has no meaning. (Meier and Brudney, 1:155)

Since the group under study comprises a population, statistics such as chi-squared significance tests, gamma (an ordinal measure of association) and lambda (a nominal measure of association) weren't used to accept or reject the null hypotheses. Instead, the author analyzed the frequencies and crosstabulations to measure differences. However, it should be noted that even if the group under study had been a sample, chi-squared tests would have resulted in significance levels of 0.00 under all four hypotheses, leading to rejection of the null hypotheses.

Research Hypothesis H₁

Research hypothesis H₁ maintained that an individual's position influences his or her attitude towards what effect shifting contracting authority to program directors would have on efficiency. The corresponding null hypothesis, H₀₁, that there is no relation between position and attitudes, was tested using the SPSS_x crosstabulation procedure. The results are shown in figure 28.

CROSSTABULATION INCREASED EFFICIENCY BY POSITION			
COUNT COL. PCT.	PROGRAM DIRECTOR	PCO	ROW TOTAL
AGREE	18 41.9	11 5.2	29 11.5
NEUTRAL	16 37.2	22 10.5	38 15.0
DISAGREE	9 20.9	177 84.3	186 73.5
COLUMN TOTAL	43 17.0	210 83.0	253 100.0

Figure 28 Increased Efficiency by Position

The crosstabulation indicates strong differences between program directors and PCOs in response to the impact shifting authority would have on efficiency. Nearly 42 percent of the program directors agree that shifting authority would increase efficiency in Government contracting, while only 5.2 percent of the PCOs agree that shifting authority would increase efficiency.

Equally striking is the fact that only 20.9 percent of the program directors do not believe shifting authority would increase efficiency, compared to 84.3 percent of the PCOs.

Based on the strong difference in responses between program directors and PCOs, H_{01} was rejected and it was determined that position does influence attitudes towards what effect shifting contracting authority would have on efficiency.

Research Hypothesis H_2

Research hypothesis H_2 maintained that an individual's position influences his or her attitude towards what effect shifting contracting authority would have on organizational conflict. The null hypothesis, H_{02} stated that there is no relation between position and attitudes.

Figure 29 shows the crosstabulation results:

CROSSTABULATION REDUCED ORGANIZATIONAL CONFLICT BY POSITION			
COUNT COL. PCT.	PROGRAM DIRECTOR	PCO	ROW TOTAL
AGREE	24 57.1	36 17.2	60 23.9
NEUTRAL	6 14.3	21 10.0	27 10.8
DISAGREE	12 28.6	152 72.7	164 65.3
COLUMN TOTAL	42 16.7	209 83.3	251 100.0

Figure 29 Reduced Organizational Conflict by Position

The column percentages definitely support H_2 . More than 57 percent of program directors agree that shifting authority would reduce organizational conflict, while only 17.2 percent of PCOs believe the shift in authority would reduce conflict. In fact, 72.7 percent of PCOs disagree with the notion, compared to 28.6 percent of the program directors. Based on these differences, H_{02} was rejected, and it was determined that position does influence attitudes towards the effects of shifting contracting authority on organizational conflict. In summary, program directors thought the shift would reduce organizational conflict while PCOs disagreed that such a positive change would take place.

Research Hypothesis H₃

Research hypothesis H₃ stated that an individual's position influences his or her attitude towards what effect shifting contracting authority would have on contract compliance. The results of testing of the null hypothesis--that there is no relation between position and attitudes, is shown in figure 30.

CROSSTABULATION REDUCED COMPLIANCE BY POSITION			
COUNT COL. PCT.	PROGRAM DIRECTOR	PCO	ROW TOTAL
AGREE	13 30.2	181 86.2	194 76.7
NEUTRAL	10 23.3	19 9.0	29 11.5
DISAGREE	20 46.5	10 4.8	30 11.9
COLUMN TOTAL	43 17.0	210 83.0	253 100.0

Figure 30 Reduced Compliance by
Position

This variable measured whether shifting authority would negatively affect contract compliance. Analyzing the crosstabulation, more than 86 percent of the PCOs agreed that the shift in authority would negatively affect contract compliance, while a moderate 30.2 percent of the program directors thought the effect would be negative. On the other end of the spectrum, only 4.8 percent of the PCOs thought the shift would have no effect or a positive effect, compared to 46.5 percent of the program directors. Obviously, PCOs felt much stronger about the detrimental effects of the shift than did program directors. Based on the results, H_{03} was rejected in support of the research hypothesis.

Research Hypothesis H₁

Research hypothesis H₁ maintained that position influences attitudes towards the effect shifting contracting authority would have on relations between the Government and contractors. The null hypothesis, on the other hand, maintained that there is no relation between position and attitudes. The crosstabulation results are shown in figure 31.

CROSSTABULATION IMPROVED GOV/KTR RELATIONS BY POSITION			
COUNT COL. PCT.	PROGRAM DIRECTOR	PCO	ROW TOTAL
AGREE	21 48.8	34 16.1	55 21.7
NEUTRAL	10 23.3	47 22.3	57 22.4
DISAGREE	12 27.9	130 61.6	142 55.9
COLUMN TOTAL	43 16.9	211 83.1	254 100.0

Figure 31 Improved Relations by Position

Support for the research hypothesis is similar to the three previous crosstabulations. In this case, 48.8 percent of program directors believed that shifting authority would improve relations, while only 16.1 percent of PCOs thought relations would improve. In addition, 61.6 percent of the PCOs believed that the shift would have no impact or a negative impact on Government/contractor relations, compared to only 27.9 percent of the program directors. Again, based on the crosstabulated results, H_{04} was rejected. Position does affect attitudes towards what effect shifting authority would have on relations.

Controlling For Other Variables

In an effort to find other factors that may have influenced how the population responded, additional crosstabulations were run. The crosstabulations were the same as those used to test H_{01} through H_{04} , with the added dimension of controlling for factors thought to have an influence on responses. The controlling factors analyzed were education, experience, where respondents work, and certification levels.

Education. When the four variables tested in the hypotheses section were controlled for education level, only minimal differences were found in responses. In other words, the education level of a respondent didn't influence how he or she responded to questions on efficiency, organizational conflict, contract compliance, or Government/contractor relations.

Experience. When experience level was the controlling variable, PCOs responded differently to the question concerning the effect of shifting authority on Government/contractor relations (H_4).

CROSSTABULATION IMPROVED GOV/KTR RELATIONS BY PCOEXPER						
COUNT COL. PCT.	1-3 YEARS	4-6	7-10	11-15	16+	ROW TOTAL
AGREE	1 33.3	2 9.5	4 7.4	13 18.8	14 22.2	34 16.2
NEUTRAL		8 38.1	10 18.5	15 21.7	14 22.2	47 22.4
DISAGREE	2 66.7	11 52.4	40 74.1	41 59.5	35 55.6	129 61.4
COLUMN TOTAL	3 1.4	21 10.0	54 25.7	69 32.9	63 30.0	210 100.0

Figure 32 Improved Relations by PCO Experience

An analysis of figure 32 indicates that PCOs in the 7-10 year category disagreed that shifting authority would improve Government/contractor relations, much more often than PCOs in any of the other categories. More than 74 percent of the PCOs in the 7-10 year category disagreed that shifting contracting authority would improve relations, compared to 66.7 percent, 52.4 percent, 59.5 percent, and 55.6 percent, respectively, for the other four categories. It should be noted that the 66.7 percent figure (for the 1-3 year experience group) isn't meaningful, because only three PCOs have 1-3 years of experience.

The apparent aberration in figure 32 has no effect on the rejection of H_{04} , since a majority of PCOs in each of the experience categories still disagree that a shift would improve Government/contractor relations.

One can only speculate on the reasons why PCOs in the 7-10 year group responded differently than the other PCOs. Perhaps they received different training than PCOs in the other groups, or they may deal with less cooperative contractors more or less often than the other PCOs.

Because of the small number of directors in the population, a comparison of directors versus PCOs in the 7-10 year category couldn't be made.

Experience levels didn't appear to impact how PCOs and program directors responded to questions in the other three areas tested (efficiency, organizational conflict, and contract compliance).

Where Respondent Works. When the variable Government/contractor relations (H_4) was crosstabulated with position, controlling for where respondents work (figure 33), PCOs at Aeronautical Systems Division (ASD) and Electronic Systems Division (ESD) disagreed twice as often as PCOs at Space Systems Division (SSD).

IMPROVED GOV/KTR RELATIONS BY WORK (PCOs)					
COUNT COL. PCT.	ASD	ESD	SSD	OTHER	ROW TOTAL
AGREE	17 13.6	4 12.5	8 25.8	5 21.7	34 16.1
NEUTRAL	28 22.4	6 18.8	12 38.7	1 4.3	47 22.2
DISAGREE	80 64.0	22 68.7	11 35.5	17 74.0	130 61.7
COLUMN TOTAL	125 59.2	32 15.2	31 14.7	23 10.9	211 100.0

Figure 33 Improved Relations by
Where PCOs Work

In other words, PCOs at SSD thought shifting contracting authority to directors would improve relations between the Government and defense contractors much more often than their ASD or ESD counterparts.

Because of this finding, the author suspected that PCOs at SSD experience a different level (either higher or lower) of cooperation with prime contractors than PCOs at ASD or ESD. However, when degree of cooperation was crosstabulated with where PCOs work, only very small differences were found. Therefore, degree of cooperation with the prime contractor doesn't appear to influence what effect PCOs think shifting authority would have on Government/contractor relations.

In a further effort to discover differences between SSD respondents and their ASD and ESD counterparts, the "where respondent works" variable was crosstabulated with all other control variables used in this study; only minimal differences were found. Obviously, other unknown factors influence the difference observed among SSD respondents.

No major differences were found between where respondents work and how they responded to questions concerning efficiency, organizational conflict, and contract compliance.

Certification Level. When the four variables were controlled for certification level of respondents, no clear pattern emerged. In other words, the certification level of respondents doesn't appear to influence their responses.

IV. Conclusions and Recommendations

Introduction

This study was conducted in an attempt to determine whether shifting contracting authority from procuring contracting officers (PCOs) to program directors would streamline the acquisition process, by making it more efficient, reducing organizational conflict, and improving Government/contractor relations, without negatively affecting contract compliance. The current matrix structure violates basic management principles. These principles state, among other things, that each individual should report to a single boss, and the authority granted an individual should be roughly equivalent to the responsibility vested in that individual. Shifting authority would bring the current structure more in line with a traditional organizational structure.

Research Methodology

In order to answer the research question and gain other insights into the acquisition community, a 34 question survey was mailed to all PCOs and program directors in Air Force Systems Command (AFSC).

The PCOs have sole authority to enter into Government contracts, while the program directors have overall responsibility for managing weapons programs. Therefore, the group comprised an entire population of key individuals in major weapons acquisition.

A total of 264 responses were received out of 364 surveys mailed, for an overall response rate of 72.5 percent. Four variables were used to test the hypotheses. The variables were:

1. Increased Efficiency
2. Reduction in Organizational Conflict
3. Erosion of Contract Compliance
4. Improved Government/Contractor Relations

Hypotheses H_{01} thru H_{04} were tested to determine whether position (PCO or director) had an influence on attitudes towards each of the four variables.

Summary of Findings

In testing the hypotheses, all four null hypotheses were rejected. In other words, the position of an individual does influence his or her attitude towards what effect shifting authority would have on efficiency, organizational conflict, contract compliance, and Government/contractor relations.

PCOs responded much more strongly than program directors. For example, 84.3 percent of PCOs believed that efficiency wouldn't increase, 72.7 percent believed that organizational conflict wouldn't be reduced, 86.2 percent felt shifting authority would erode contract compliance, and 61.6 percent didn't believe that Government/contractor relations would improve.

For the program directors, 20.9 percent felt efficiency wouldn't increase, 28.6 percent felt organizational conflict wouldn't be reduced, 30.2 percent felt contract compliance would be eroded, and only 27.9 percent thought that relations wouldn't improve.

Another interesting finding was the moderate level of conflict between program directors and PCOs in the matrix organizational structure. More than 37 percent of PCOs and approximately 34 percent of program directors felt they had medium or high conflict in their working relations with each other.

The data also indicates that there is considerable cooperation between the Government and its prime contractors. More than 90 percent of directors and 88.1 percent of PCOs stated they experienced a moderate or high degree of cooperation with defense contractors.

Conclusions

1. The matrix organizational structure appears to work well in the complex environment of defense acquisition, despite the moderate level of conflict program directors and PCOs experience with each other. Many directors recognized the high degree of knowledge, training, and expertise required to effectively exercise warrant authority. The following comments from two program directors sum up the views of many:

In my opinion, most program directors do not have the training to be PCOs, and should not be warranted.

I believe program directors are not knowledgeable or experienced enough to get or have a warrant. But most importantly, it would be a tremendous burden on them and a potential for abuse due to conflicts which arise daily.

However, some program directors felt that PCOs should work directly for them, as opposed to being matrixed:

The issue is not who has the warrant; the issue is who does the PCO work for. I want a trained, professional PCO working for me, not for DCS/Contracts! I have been a PD with the PCO working for me, and a PD with the PCO working for DCS/Contracts and matrixed to me. I much prefer the former; it was more efficient, more productive, and more responsive.

The laws are the limits, not who has the warrant. As long as the PCO is assigned to the SPO and the PD writes his ticket, there are no unusual problems. I would find any other arrangement as unacceptable!

PCOs were strongly opposed to allowing any contracting authority to reside with program directors. Almost every PCO commented that the checks and balance system built into defense acquisition (via the matrix organization) works well and is vital to the integrity of the weapon systems acquisition process. The following comment from a PCO is typical of many others:

If you give a program director a contracting officer warrant, you take away the check and balance of the system and allow too much authority in the hands of one individual.

In addition, most PCOs were opposed to working for program directors. The following comments express their views:

C.O. authority should be increased. At the present time, COs have alot of responsibility, but very little actual authority. From my experience, contracting authority should not be in the program office, and COs should not work directly for the PD. I realize this is currently being tried in SD, however, I don't agree with it.

In order for COs to be truly effective, increased autonomy is needed from the PD; the acquisition career field is suffering as a result of more pressure to support PDs, Division Commanders, Deputy Commanders, and higher whose main goals are to get on contract faster rather than more properly.

From the hypothesis tests, it doesn't appear that shifting contracting authority would increase efficiency. Furthermore, the shift may erode contract compliance. Also, because of the moderate degree of cooperation between program directors and PCOs, and the high degree of cooperation between the Government and defense contractors, shifting authority probably wouldn't affect current working relations.

Additional support for the matrix structure is the fact that only about 22 percent of program directors want warrant authority.

For complete text of program director and PCO comments, see appendices B and C.

2. In the areas of experience and education, the results appear to contradict the findings of the Packard Commission. The Packard Commission characterized the acquisition workforce as undertrained, undereducated, and inexperienced (Cook, 1987:1-2).

Although this study didn't address training, program directors and PCOs are both highly educated and very experienced in defense acquisition (see figures 7, 9, 16, 18, and 19). All program directors surveyed had at least a masters degree, and 16.3 percent had a doctoral degree.

Among the PCOs, all had at least an undergraduate degree, 48.5 percent had a masters degree, and 3.9 percent had law degrees. In addition, nearly 84 percent of program directors and 90.2 percent of PCOs have at least seven years of acquisition experience.

These findings are somewhat supported by Cook's findings. Cook found that 63.7 percent of federal contract managers had at least an undergraduate degree, and 44.6 percent had at least seven years of acquisition experience (Cook, 1987:98,102).

3. Increasing certification levels may be an area of improvement for the acquisition workforce. Currently, 56.4 percent of the PCOs and 82.2 percent of program directors aren't certified. However, certification level didn't influence how the population responded to the questions used to test H_1 through H_4 . In addition, Cook found no change in decision making process between certified and non-certified federal contract managers (Cook, 1987:133). However, neither study looked at job performance.

Recommendations For Further Research

To further explore authority relationships, the author recommends that similar research be conducted in the major weapons buying divisions of the other services, to determine whether the findings in this study are common throughout DOD. Also, a comprehensive study of authority relationships within defense companies may provide further insight into this issue.

Finally, a study of the relationship between contracting certification level and job performance among individuals in contracting may provide insight into the value of professional certifications.

Appendix A. Survey Letters and Questionnaire



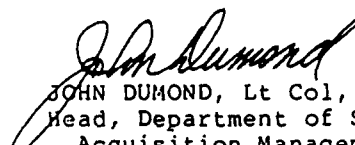
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REPLY TO
ATTN OF LSY

SUBJECT Contracting Authority Survey

TO Program Directors

1. In about a week, you will receive a questionnaire Capt Champlain has prepared addressing contracting authority in systems acquisition. Your responses will be the basis for an Air Force Institute of Technology (AFIT) masters thesis on this topic.
2. Because of your key position in the acquisition process, your response is extremely valuable to the success of this project. The questionnaire will give you the chance to express your views about contracting authority.
3. The results of this research will be published in the AFIT thesis and at the Air Force Human Resources Laboratory.
4. Please help by completing the survey when it arrives. It will take about 10 minutes to complete. We need your frank answers to ensure the accuracy of this study.
5. If you have any questions, please call Capt Champlain, (AUTOVON 785-6569). Thank you for your cooperation.


JOHN DUMOND, Lt Col, USAF
Head, Department of System
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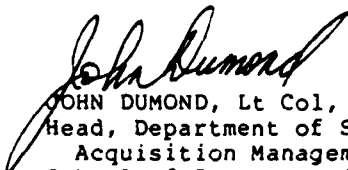
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05 MAY 1989

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STRENGTH THROUGH KNOWLEDGE



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REPLY TO
ATTN OF LSY

SUBJECT Program Directors

TO Program Directors

1. Enclosed is the questionnaire on contracting authority I wrote to you about in my last letter.

a. This survey takes only about ten minutes to complete.

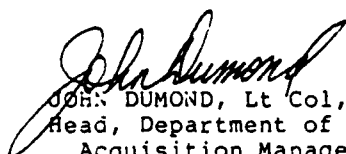
b. Your answers are completely anonymous.

c. Your participation is voluntary.

d. Circle the number for your answers.

e. Please return the questionnaire as soon as possible in the enclosed envelope.

2. If you have any questions, please call Capt Champlain, (AUTOVON 785-6569). Thank you for your cooperation.


JOHN DUMOND, Lt Col, USAF
Head, Department of System
Acquisition Management
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2 Atch
1. Questionnaire
2. Return Envelope

STRENGTH THROUGH KNOWLEDGE



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REPLY TO
ATTN OF LSY

11 MAY 1989

SUBJECT: Contracting Authority Survey

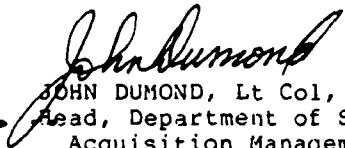
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- b. Your answers are completely anonymous.
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Acquisition Management
School of Systems and Logistics

- 2 Atch
- 1. Questionnaire
 - 2. Return Envelope

THE FIRST SEVEN QUESTIONS DEAL WITH EFFICIENCY.....

1. Shifting contracting authority to Program Directors would reduce procurement administrative lead time (the time between the receipt of the requirement and signing of the contract).

	STRONGLY		MILDLY			MILDLY		
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5 DISAGREE

2. Shifting contracting authority to Program Directors would reduce the overall amount of time it takes to reach initial operational capability of a system.

	STRONGLY		MILDLY			MILDLY		
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5 DISAGREE

3. Shifting contracting authority to Program Directors would result in lower overall program costs.

	STRONGLY		MILDLY			MILDLY		
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5 DISAGREE

4. What degree of impact do PCOs have on the final cost of a system?

1 HIGH 2 MEDIUM 3 LOW 4 NONE

5. What degree of impact do Program Directors have on the final cost of a system?

1 HIGH 2 MEDIUM 3 LOW 4 NONE

6. Shifting contracting authority to Program Directors would change the "skill mix" of program office personnel required.

	STRONGLY		MILDLY			MILDLY		
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5 DISAGREE

7. Shifting contracting authority to Program Directors would reduce the number of contracting personnel required in program offices.

	STRONGLY		MILDLY			MILDLY			
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5	DISAGREE

QUESTIONS EIGHT THROUGH 12 DEAL WITH ORGANIZATIONAL CONFLICT..

8. If you are a PCO, do you report to the Program Director or the Deputy for Contracting?

- 1 Program Director
- 2 Deputy for Contracting
- 3 Other_____

9. If you are a PCO, indicate the degree of conflict you experience with your Program Director.

1 HIGH 2 MEDIUM 3 LOW 4 NONE 5 NOT A PCO

10. If you are a Program Director or Deputy Director, indicate the degree of conflict you experience with PCOs who work in your program office.

1 HIGH 2 MEDIUM 3 LOW 4 NONE 5 NOT A PD

11. Shifting contracting authority to Program Directors would reduce conflict between Program Directors and PCOs.

	STRONGLY		MILDLY			MILDLY			
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5	DISAGREE

12. Shifting contracting authority to Program Directors would reduce the overall level of conflict in the program office.

	STRONGLY		MILDLY			MILDLY			
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5	DISAGREE

QUESTIONS 13 THROUGH 15 DEAL WITH CONTRACT COMPLIANCE.....

13. Shifting contracting authority from PCOs to Program Directors would cause an increase in the number of contract disputes.

	STRONGLY		MILDLY		MILDLY				
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5	DISAGREE

14. Circle the response below which describes what effect you think shifting contracting authority to Program Directors would have on the ability of the Government to ensure compliance with the terms and conditions of a contract.

1	NEGATIVE EFFECT	2	NEUTRAL	3	POSITIVE EFFECT
---	--------------------	---	---------	---	--------------------

15. If contracting authority were shifted to Program Directors, contractors would consider verbal discussions as contractually binding.

	STRONGLY		MILDLY		MILDLY				
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5	DISAGREE

QUESTIONS 16 THROUGH 18 DEAL WITH RELATIONS BETWEEN THE GOVERNMENT AND DEFENSE CONTRACTORS.....

16. Shifting contracting authority to Program Directors would improve relations between the Government and defense contractors.

	STRONGLY		MILDLY		MILDLY				
1	AGREE	2	AGREE	3	NEUTRAL	4	DISAGREE	5	DISAGREE

17. If you are a Program Director or Deputy Director, indicate the degree of cooperation you experience with the prime contractor.

1	HIGH	2	MEDIUM	3	LOW	4	NONE	5	NOT A PD
---	------	---	--------	---	-----	---	------	---	----------

18. If you are a PCO, indicate the degree of cooperation you experience with the prime contractor.

1 HIGH 2 MEDIUM 3 LOW 4 NONE 5 NOT A PCO

QUESTIONS 19 THROUGH 34 ARE BACKGROUND QUESTIONS FOR STATISTICAL PURPOSES.....

19. Where do you work?

- 1 AERONAUTICAL SYSTEMS DIVISION
- 2 MUNITION SYSTEMS DIVISION
- 3 BALLISTIC MISSILE OFFICE
- 4 ELECTRONIC SYSTEMS DIVISION
- 5 SPACE DIVISION
- 6 OTHER _____

20. Are you in the military or in civil service?

- 1 MILITARY
- 2 CIVIL SERVICE

21. What is your current rank? (optional) _____

22. Your present age: _____ years

23. Your sex?

- 1 MALE
- 2 FEMALE

24. What is the highest level of education you completed?

- 1 UNDERGRADUATE DEGREE
- 2 SOME POST-GRADUATE OR PROFESSIONAL
- 3 MASTERS DEGREE
- 4 PROFESSIONAL DEGREE _____
PLEASE INDICATE DEGREE
- 5 DOCTORAL DEGREE

25. What was your major field of study for your highest level of education? (Answer even if you did not receive the degree or complete the program)

- | | | |
|------------|----------------|-------------------------|
| 1 BUSINESS | 3 LIBERAL ARTS | 5 PUBLIC ADMINISTRATION |
| 2 LAW | 4 ENGINEERING | 6 OTHER |

(PLEASE SPECIFY)

26. If you are a Program Director or Deputy Director, have you attended the program management course offered by the Defense Systems Management College?

- 1 YES
- 2 NO

27. If you are a PCO, how many years of contracting experience do you have?

- | | |
|----------------------|---------------------|
| 1 LESS THAN ONE YEAR | 4 7-10 YEARS |
| 2 1-3 YEARS | 5 11-15 YEARS |
| 3 4-6 YEARS | 6 16 YEARS AND OVER |

28. If you are a Program Director or Deputy Director, how many years of program management experience do you have?

- | | |
|----------------------|---------------------|
| 1 LESS THAN ONE YEAR | 4 7-10 YEARS |
| 2 1-3 YEARS | 5 11-15 YEARS |
| 3 4-6 YEARS | 6 16 YEARS AND OVER |

29. What is your current job title?

- 1 PROGRAM DIRECTOR
- 2 DEPUTY PROGRAM DIRECTOR
- 3 PCO
- 4 OTHER

(PLEASE SPECIFY)

30. Indicate whether you have been designated as one or more of the following:

- 1 CERTIFIED PROFESSIONAL CONTRACTS MANAGER
- 2 CERTIFIED ASSOCIATE CONTRACTS MANAGER
- 3 CERTIFIED PURCHASING MANAGER
- 4 PROFESSIONAL ENGINEER
- 5 ENGINEER IN TRAINING
- 6 OTHER _____
- 7 NOT CERTIFIED

31. What is the dollar level of your program? (Optional)

- 1 MORE THAN \$1 BILLION
- 2 \$500 MILLION TO \$999 MILLION
- 3 \$250 MILLION TO \$499 MILLION
- 4 \$100 MILLION TO \$249 MILLION
- 5 \$25 MILLION TO \$99 MILLION
- 6 LESS THAN \$25 MILLION

32. What phase of the acquisition cycle is your program currently in?

- 1 CONCEPT EXPLORATION/DEFINITION
- 2 DEMONSTRATION/VALIDATION
- 3 FULL SCALE DEVELOPMENT/LRIP
- 4 PRODUCTION/DEPLOYMENT
- 5 OPERATIONS SUPPORT

33. If you are a Program Director, do you want a Contracting Officer's warrant?

- 1 YES
- 2 NO
- 3 NO OPINION

34. We're interested in any comments you would like to make about contracting authority, whether or not the topic was covered in this survey. Please use the space below.



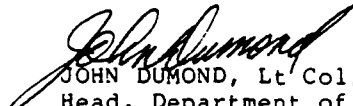
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REPLY TO
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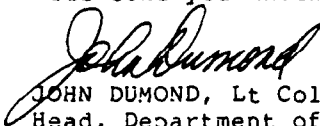
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Appendix B. Program Director Comments

1. Seems to me that a Program Director would be hindered by having full contracting authority. It takes alot of training to become a real contracting officer; it takes alot of experience to be a good one. It takes alot of time to do the meticulous job of a contracting office. On the other hand, having a limited warrant as a SPO Director is handy for short, quick negotiations; legally.

2. The problem is not where the warrant resides, it is too few qualified PCOs.

3. Q1: If you mean "shifting contracting authority" away from staffs to SPOs, I agree. If you really mean shifting to Program Directors, I totally disagree. We SPDs don't have the time or training to do all required by our PCOs.

Q13: I think PCOs perform a very valuable function; thus, the number of "disputes" would depend upon the level of support either the PCO or PD had before he contractually bound the Government.

Q15: I think our contractors know that the verbal direction is not to be followed even from the PCO; therefore, I see no problem with PDs. However, I do see our advantage. The contractors would know that the whole SPO was committed to specific courses of action when the PD spoke. Currently, many times the PCO does not articulate SPO positions or issues. This is neither good nor bad. It's a fact that both the Gov. and contractors use.

4. I don't believe it's a matter of who has contracting authority as much as it is the lack of PCOs, and the enormous bureaucracy to get something on contract that hinders the acquisition process. As a program director, I am always told why I can't do something before I'm given a possible solution to my problem by my contracts shop. It's easier to go along with the flow than it is to try to be innovative.

5. I believe there is merit in having the PCO report through separate O-6 channel. However, junior PCOs could be over-influenced by the SPO director to stretch statutory limits without method of checks and balances.

6. The issue is not who has the warrant--the issue is who does the PCO work for. I want a trained, professional PCO working for me, not for DCS/Contracts! I have been a PD with the PCO working for me and a PD with the PCO working for DCS/Contracts and matrixed to me. I much prefer the former; it was more efficient, more productive, and more responsive.

7. Program Directors need contracting officers to provide a proper balance; advice and consent!

8. The laws are the limits, not who has the warrant. As long as the PCO is assigned to the SPO and the PD writes his ticket, there are no unusual problems. I would find any other arrangement as unacceptable!

9. Line of questioning appears naive. Program director normally doesn't have time to be directly involved in contract definitizations--must rely on qualified contracting officials who work for him.

10. This survey implies there is a problem with PCOs contracting for the Gov. Basically, I feel PCOs are people; some are better at their jobs than others. The problems with contracting are caused by the plethora of rules and regs more than by the people involved. Program Directors don't have time to take on PCO duties and responsibilities.

11. This survey assumes the problem is between the PD and the PCO. My experience says that is wrong. The problem is the procurement community's insistence on multiple levels of review further sub-divided into numerous functional areas. TQM's fundamental premise is that you can't inspect in quality. Evidently the contracting organizations don't believe that or are purposefully choosing to ignore it.

12. Program managers do not have the time to learn the PCO's job in enough detail to perform it satisfactorily. Same for AC, etc. Program priorities will get PCO to move on most critical things first, provided he or she reports to the Program Director. Reporting chain is much more critical than who can act as PCO.

13. I think the PCO should not report to the PD. Because of legal and procurement rules, I think the PCO should report through separate channels. If I've got a problem with the PCO, I can work it out with his or her boss.

14. The issue is not whether PDs should have warrants. In my opinion, most PDs do not have the training to be PCOs and should not be warranted. However, program offices should have organic contracting capability, including PCO's, to keep priorities aligned and require PCO's to identify with program priorities- the Deputy for Contracting should be policy and technical assistance- this is no different than Base Commanders having their contracting officers! The issue is aligned priorities.

15. My biggest problem is in getting agreement on the pre-RFP paperwork (Acquisition Plan, Source Selection, etc.). Contract administration does not normally run me up against expiring funds deadlines-- getting on contract almost always does.

16. I feel that you are asking the wrong question. To me, the objective is to give our users the highest quality weapons systems for the dollars available (best value). To achieve this objective requires teamwork. As a PD, I cannot be an expert in all areas of acquisition, i.e., contracting, engineering, program control, etc. I need help from others to accomplish the mission. The problem that arises is that each functional feels the need to suboptimize their area. Our goal isn't to have a "perfect" contract or a "perfect" engineering solution. Our goal is user satisfaction, and that requires tradeoffs among functional areas. Tradeoffs require judgment and risk taking. Our current acquisition system does not reward those who take risks and exercise judgment, rather it tends to legislate. Legislation will never work because each situation is unique. Giving or not giving the PD a warrant is not a root cause. You are asking an irrelevant question, in my opinion.

17. A PD doesn't have the time nor the education to be a PCO, nor the Chief engineer, nor the director for program control, etc.--that's why he has a team--there are no conflicts if there is teamwork. Every O-6, O-7, O-8 PD will establish effective teamwork or he will not be a PD for long!

18. Checks and balances provided by the present arrangement are vital. Conflicts exist, but it is preferable to the alternative, which in my opinion would be an ignorant approach to compliance with FAR and laws, leading to disputes, protests, and many long range problems.

19. Give the PD the authority. It would not greatly reduce the contracting bureaucracy but would make it more responsive.

20. I believe the current system does not need to be changed. I believe the contracting officer should work for the PD and take his directive except where it conflicts with laws. The problem with the system is not the PD or the PCO but the stupid laws.

21. I am a PD and need to work hard to get my contracts folks working on the most important tasks first. If I take the time to keep them informed and a part of the team, I have no problems with them than with my engineering or program control staff. If I don't, I'm the problem, not the PCO. I believe PDs are not knowledgeable or experienced enough to get or have a warrant. But most importantly, it would be a tremendous burden on them and a potential for abuse due to conflicts which arise daily.

22. I am satisfied with the present matrix contracting support. I don't see how having a warrant would speed up the acquisition process; it's the same amount of paperwork! It's the DAR/FAR system that stinks and Congress adds more paperwork (new laws) every year. If I owned a company, I would not sell to the Government because of the paperwork hassle!

23. Good luck! Surveys seldom do what you want, and PDs and PCOs are too busy for the in-depth interviews and point-counterpoint you need to really get into this. What can you do about the logjams and iterations in procurement staff, reviews, and pricing that neither I nor my PCO can control--both pre-RFP release and after receipt of bid?

24. As a program director, I want PCO authority to use as a lever, not to necessarily use it myself. Just the option to use it can sometimes get the "attention" on an issue the PD feels is serious.

25. I believe the underlying premise for this survey is not valid. There is no reason to move the PCO warrant to the PD. However, the PD should have the PCO on his team. That is usually easy to accomplish, whatever the organizational structure. The PCO should be co-located with the SPO. The PCO should remain in the matrix under the Deputy for Contracting; however, the PD should write the PCO evaluation (either military or civilian).

26. The biggest problem program offices have is the lack of manpower to accomplish all of the contracting requirements. These contract actions are necessary regardless of where the PCO authority rests. Give the programs sufficient experienced personnel and you can expedite the contracting process. Reductions in PM staff established to review, review, review...efforts would benefit SPOs by putting more individuals to work!

27. Current cooperative relationship with contractors is highly dependent on competition; when the program moves into FSD with a single contractor, this relationship will most likely change. Successful contractual actions depend on "can do" attitude--especially for PCO.

28. Q1 & 2. The shift of contracting authority would shorten time between direction and award if the staff elements (committee, policy, etc.) were trained and resources applied to "man" the SPOs. In addition, the problems faced by having to get in the "que" to get a document thru or time wasted briefing (educating staff elements) would be saved. This saving on the front end would be in consequential on the IOC under today's streamlined baseline, but the frustration factor would be eliminated.

Q3-5. The cost is driven by the system requirements, technology, maturity, and overall strategy. The PD controls the later only- the PCO controls none of the items.

Q33. Do not misinterpret this answer! Each function PCO and PD has their own responsibilities and areas of expertise. I strongly support the concept wherein the PCO reports solely to the PD.

Any PD worth his/her salt will recognize the separation of responsibilities and will respect and treat fairly the PCO who "does it right" and ensures the legality of the effort. Today, some of the procurement staff is over burdened with the idea that they are in a position of making sure the programs run right and impose a layer of reporting on the PCOs. The loss of efficiency is dramatic because the staff has to be kept informed and the workload imposed on the PCO is substantial. In addition, a tendency of the procurement staff to feel they have to keep the commander informed sometimes leads to an unofficial communications channel which on occasion leads to additional work by the PDs to answer non-issue questions (those which would not have come up if the staff had all the facts). All in all, the PDs need to control all of the resources-- if this entails a warrant (granted because of position only) so be it, but a warrant is not necessary.

29. Quite often the PCO keeps the PD out of trouble solely because the PCO is the only person that can legally obligate the Government.

30. I have observed a major deterioration between Program Mgmt. authority lines-of-responsibility between the SPO and PM over the last three years. SPO authority has been usurped. I do not believe this is unique to this program.

31. With the current emphasis in AFSC on TQM, a hard look should be taken at all acquisition processes, including contracting. It's not always who has the "authority", but it's a matter of personalities and cooperation toward a common goal. Too often, we get into a square filling mode rather than a lets get the job done mode. Also we get the "we've never done it that way before" mode or "we've always done it this way" vs. finding the best way for the current situation.

32. Problem is not between PCO and PD, but the multiple levels of review the PCO has to go through in the PK hierarchy!

Appendix C. Procuring Contracting Officer Comments

Procuring contracting officer comments were numerous and often lengthy. The following is a random sample of one-half of the comments received. These comments are similar in content to the rest of the comments.

1. I cannot believe your question 33. Of course, they will want a warrant. As a PCO for almost 10 years, it has been very frustrating watching Program managers direct or attempt to direct contractors without PCO approval or any contractual coverage. When the damage is done and the contractor submits a claim for work performed at the direction of the program manager, the program manager comes running to the PCO for help. Program managers/directors normally do not understand the contracting process and do not care to because contracting is viewed as a hinderance to their mgmt. function.

2. Shifting authority is a dumb idea. Program directors aren't interested in contracting restraints.

3. I feel that we would jeopardize the integrity of the procurement process by allowing the same individual to be responsible for the program accomplishment and at the same time having this individual also responsible for the prudent expenditure of public funds. Because of the numerous regulations which deal with how the procurement process will be conducted, there are often times conflicts between programatic goals (e.g. schedules) and regulatory requirements (e.g. administrative reviews). It would be unfair to the individual in such a position and also a great potential for compromise of the integrity of the process. As long as the numerous regulations are still on the books, nothing in terms of efficiency and expediency will be accomplished by making the program manager the PCO. It is the legislation and numerous regulations which incumbers the process and not where the position of PCO lies organizationally.

The potential for this type of conflict is recognized in AF FAR SUP 1-602-90 where in part it states: "The office of the contracting officer shall be placed, in the local organization, at a level which will protect it from intraorganizational pressure which might lead the contracting officer to perform improper acts, which would expose the contracting officer to personal risk and the Air Force to criticism.

4. I have worked in a Navy organization where the program director did have contracting authority (or perceived as such). We had nearly 150 claims, mostly based on "technical direction" and "implied authority". That organization now has over \$10 million in claims. It has been hard enough minimizing verbal direction in this environment. Believe me, if you give PDs contracting authority, you invite disaster.

5. If you give the PD a contracting officer warrant, you take away the check and balance of the system and allow too much authority in the hands of one individual.

6. PCO's should retain and have their authority enhanced. PCO's shouldn't receive or be subject to performance ratings/reviews by program directors.

7. Efficiency: package repetitive parts of the contract throughout the Air Force; send unique special provisions to staff professionals immediately; incentivize FPRAs (motivate settlements); sectionalize contract review; simplify input for AMIS data.

8. I personally believe AFSC should delegate more authority to the commander or PD of the product division. The PDs know what they need more than someone as Headquarters that has never been in the field.

9. I think shifting PCO authority is a good idea only if PDs don't PCS or retire within 1 or 2 years of taking on a program. Changeover of people causes history and baselines to be lost in the shuffle. To shift, PDs would have to be less political in their views of issues, schedule, and program cost. They must be allowed to control their programs to get the most "bang for the buck" even if it means asking for more money to do something to enhance performance.

10. It was difficult to answer these questions since I have more than one program. I answered it based on my largest program. When you say "shifting contracting authority to PDs", I assume you mean that the contracting activity is a division within the program office that reports directly to the PD. If you mean that the PD would have review and manual approval authority, then my answers would in all probably change. I think the whole acquisition process would be more streamlined if there were no such "animal" as matrix management.

The PD would have more control over their resources in order to administer a program efficiently. He now has to beg the matrix organization for the required support. The Contracting/Manuf. organiz. would still maintain review and manual approval authority for a "check and balance system".

11. The C.O. warrant is a direct delegation from Congress. Whoever has it is charged with the same responsibility and accountability--which is different from that of a program manager. Regardless of who has the warrant, the impact to a program would not differ--assuming the responsibilities were carried out properly.

Q4 & 5: Contracting Officer affects price through negotiations, contract compliance and questioning of unnecessary requirements or unsound business practices. The program manager generally has a negative effect on price through unnecessary requirements, etc; e.g. emphasis on schedule to the detriment of quality, price, etc.

Q11 & 12: There is an essential degree of conflict that must exist between CO and PM as a check and balance between program goals and sound business practice. There have been numerous DOD and blue ribbon panels that have espoused this position. PCOs spend years earning their business and contractual profession. Program managers receive different training and are not expert in the business end. Experience has shown that few PMs understand the contractual ramifications of their decision; either short term or long term.

Q16: Most PMs tend to compromise with the contractor to achieve program goals and "avoid conflict", especially if it appears that delays will be caused-- often this is done at the expense of contractual requirements such as consideration, quality, testimony, etc. This sets bad precedents with contractors, many of whom routinely expect the Gov. to do anything to meet schedule. This is the single area that causes the most difficulty in contract compliance. The person with the warrant, whether it be a traditional PCO or program manager must require contract compliance to assure that the Govt's rights are not waived. PMs are not trained to know these requirements.

12. The primary problem is that PMs wish to avoid compliance with law and regulations which restrict their actions or add time to complete contract actions, including source selection. It is a short sighted approach unless the approving officials, and the legal and procurement committees are willing to ignore the existing procurement restrictions. Conflict exists because PCOs understand and comply with law and policy and the PMs appear, at times, not to concern themselves with these issues.

13. Contracting authority vested within PD responsibilities could result in conflicting interests. Contracting authority should be independent of PD authority.

14. There is and will be a distinct conflict of interest if PDs were provided contracting authority. The program director's key interest is the progress/survival of his/her program. From my experience, PDs tend to empathize with contractors and fail to maintain an objective viewpoint. Neither do PDs feel compelled to do what is in accordance with procurement regulations. PDs want to do whatever to ensure their program thrives and hence to look successful. Reporting to a Deputy for Contracting gives us the strength to resist often improper PD requests.

15. When the current system structure is working, it provides benefit of checks and balance, eg. program people decide requirements and contracts people assure that it is properly communicated in the contract, that the price is fair and reasonable and that acquisitions statutory and regulatory requirements are met.

Currently, the majority of PDs have technical backgrounds and lack expertise in financial and legal nuances of contracting. If PDs required expertise were business rather than technical, then a separate indiv. with technical expertise would be needed for program support. Also, day to day activity in each functional area demands more than can be properly performed by one indiv.

Separation of responsibility contributes to successful completion of acquisitions. What needs to be achieved to accomplish the program should be decided separately. What it should cost and what the related terms and conditions are to be proves to be the safety valve for assuring that requirements are clearly understood and communicated by both Gov. and contractor project teams.

16. Remember the bases of our successful operation of Government procurement: separation of powers; checks & balances; mutual goals. It has and can lead to success.

17. Giving contracting authority to a PD will probably destroy what is left of defense acquisition. Until PDs stop being program advocates with a "spend money or throw money at the problem" attitude, primes, subs, etc. have no incentive to perform. We spend billions on defense, yet numerous cases of fraud, failing equipment, lack of supportability continue to plague readiness. PCOs authority provides some counter-balance.

The key to adequate defense acquisition is provide real authority to the PCO and remove the legislative deluge that is in vogue.

18. The checks and balances established by the DOD acquisition policy currently in effect adequately protect the interest of the Gov. Giving PDs contracting authority would only negate the positive effects of those checks and balances in my opinion.

19. In my opinion, shifting contracting authority to PDs is not in the best interest of the Gov. PDs, who tend to be "schedule driven", may not be able to bring to the acquisition process the same objectivity that a PCO does. This lack of objectivity could impact sound business judgment in the acquisition process.

As a PCO, I am also frustrated by the length of time it takes to process contract actions. Moving contracting authority to PDs will not solve this problem--unless they are exempted from compliance with the myriad of rules, regulations, and reviews governing the acquisition process. The answer to the problem is to really streamline the acquisition process, and let PCOs do their job!

20. The contracting function still needs to be performed by contracting professionals. If the function is shifted to PMs, they will need to be trained in that function--plus acquire the experience necessary to perform the job. Once they are trained and experienced, I maintain they would do the job the same as it is now being done. PMs job is to direct the overall program; not perform individual functions. Bottom line--not a good idea.

21. I see no benefit to be gained by shifting contracting authority to the PD. The PD has a difficult enough time with programmatic issues. The PCO is supposed to supply the business acumen to get the program on contract. Hopefully, his/her business acumen will also be of benefit to the PD.

22. C.O. authority should be increased. At the present time, COs have alot of responsibility, but very little actual authority. From my experience, contracting authority should not be in the program office, and COs should not work directly for the PD. I realize this is currently being tried in SD, however, I don't agree with it.

23. At Space Division, PCO authority is usurped more by the Procurement staff than anything else. Our staff is manned by a second level SES civilian, three GM-15s, 11 GM-14s, 12 GM-13s, and a couple of 12s. All PCOs are no more than GM-13, no matter how big their program or how many people they supervise. This is an absurd imbalance that has resulted in most contracting authority (either actually, by perception, or by force of practice) residing in the staff.

24. PCOs have less and less authority and more and more responsibility. PM allows ktr. to negotiate with him rather than force the ktr. to negotiate with the PCO. Program requirements often influence PMs perceptions of "fair and reasonable". Shifting contracting authority from Deputy for Contracts to PMs would do away with any real contracting authority the PCO can exercise.

25. This survey did not address the ethical and legal considerations in giving PDs the power of supervisory authority over the CO. Procurement laws over the past forty years maintained a separation of powers between the CO and the PD for the purpose of preventing a conflict of interest between the user's needs (PD) and procurement effectiveness (laws, ethics, pricing considerations, fair and reasonableness, gold plating, saving taxpayer dollars vs. satisfying personal SPO desires). I have personally witnessed SPO directors ignore the Anti-Deficiency Act and try to force the contractor to perform a \$5 million ECP at no cost until their funds were increased in the next fiscal year. This is just one example of how an independent Contracting Officer can force a PD to comply with congressional law and procurement ethics because a "separation of powers" was in existence.

26. I answered the questionnaire as a Contracting Officer, but I'm a deputy in a "micro SPO". There's alot to be said for the checks and balances that occur when program mgmt. and contracting are separate.

27. Probably one advantage to having a separate program management and contracting functions is the disinterested, non in-house evaluation given by the contracting activity.

28. Most PMs don't enforce our contracts. They don't like how our contracts tie them down. If you shift authority to PMs, you might as well forget about the written word. Most PMs don't have any business sense. They are pilots, they fly airplanes. They don't understand the need for contracts (written word), the legal implications or any kind of reasonable money management. Without contracts, we would have even more chaos than we have now with the PMs disregard for our contracts. Contractors would love such a shift of authority!

29. PDs are only interested in getting it done without regard as to how it should be done. The end justifies the means mentality prevails.

30. PMs working for PD, as a group, are ill trained and know very little about the details of the acquisition process. As a result, more work is falling upon the shoulders of PCOs and buyers. Until this situation is rectified, conflict between PCO and PD will continue. With respect to question 16, relations could improve depending on the PD and how he uses his resources. The question assumes it would be automatic.

31. PCOs are given very little authority and lack manpower resources needed to get the job done effectively. GS-12 positions are almost always downgraded so that we are in a continuous training mode. Streamlining is the latest buzz word and yet we face more requirements and obstacles rather than fewer.

32. It's always nice to combine responsibility and authority whenever possible; however, accountability must be present as well.

33. The PCO is always supposed to find a way to support what the PD wants--regardless of rules and regulations. Even though the PCO is legally responsible, they have very little authority to go along with the responsibility. Finally, the illusion of a matrix organization provides little support especially when the PD is the one who controls the "promote" recommendations on my OES. If you want procurement law implemented as laws are intended, then the Govt should either make contracting a separate chain of command or give PCO warrants to the PD, making them legally responsible for their decisions.

34. Transferring contracting authority would tremendously increase the problems we already experience. Most times, contractors view the PD as having King authority and act on his directions without concern for controlling cost or adequate documentation. The problem of auditing documentation authorizing contractor actions would become nightmarish if the PD had King authority. If we could work without paper and auditors, you'd have no problem giving the PD King authority.

35. The PD is too interested in the success of a program which would interfere with judgment of how to contract. The PCO is a balance, along with the FAR.

36. Contracting Officers today have all the responsibility of the job but not the authority. Placing the contracting authority on the PD would not improve the situation. Changes need to be made at the higher levels to allow COs to have the authority to insure the job gets done.

37. The relationship between the contractor and the PD will deteriorate if the PD has a warrant. Currently, the contractor can avoid knotty, unpleasant issues when dealing with the PD and reserve them for discussion with the CO. The PD can now agree on the major direction with the contractor and allow the CO to work out the details. That's where the problems surface.

38. The split in responsibility the way it currently stands is good. Contracting people should be given even greater authority in making business decisions. The typical PM has an engineering degree with operational experience--therefore, many have very little training/experience in making business decisions. For example, if we really want to get the best price and meet mobility requirements, we should build as many systems as we possibly can, at the highest rate of production possible. Then take the M Day inventory and send it to Davis-Monthan AFB. The current philosophy of building everything after the war starts is not realistic.

39. Specialty areas need to stay separate for the sake of overall professional integrity. Giving PDs a PCO warrant is like having the fox guarding the hen house.

40. Currently, the only person with authority to act for the Gov. is a CO. Who that CO reports to does not change the authority. Even the Deputy for Contracting does not have contract authority unless he/she is also a warranted CO. If your questionnaire is intended to deal with the differences between straight line and matrix management, your responses will be skewed.

41. I believe it more beneficial that a PM have the authority to run his program, within broad guidelines, without having to report/brief layers of management. I think PMs with warrants will lead to a drastic increase in "PCO letter UCAs".

42. The PD must not have contracting authority. A system of checks and balances is essential to ensure that the Govt's best interests are served.

43. Would the PD have to pass the PCO board? How many years experience would the PD be required to have before being entrusted with PCO responsibilities? How many PDs could keep up with program mgmt. issues and responsibilities (i.e. fact-finding and negotiations can easily take 5-6 months on a major program).

44. I believe PDs would continue to "wheel and deal" even with a warrant. The result would be claims, anti-deficiency violations, relief from contractual obligation without consideration, etc.

45. I was surprised by the questions based upon the previous letter sent. I didn't realize this was going to consider transferring authority to PMs. I don't believe transferring the PCOs authority to PMs will speed up the system's procurement. It will, however, put more burdens on the individual PMs. This contracting career field is highly specialized and cannot be learned adequately in one or two years. It requires a lot of training and continuity that shouldn't be diluted into the PMs duties. This would remove the check and balance system that is in place. I've seen a persistent erosion of the PCOs authority in seven and a half years. This would only further erode it. Also the recent business ethics laws coming out of Congress are aimed at us rather than the political appointees that got caught, created the situation, and abused the public trust placed in them.

46. Giving PDs warrants is foolish. The checks and balance system as well as the degree of expertise required to perform in the CO function cannot be stressed enough. The answer to PDs/PMs with warrants is litigation!

47. The military should be removed completely from the acquisition of major weapon systems. If the PCO and or his people were assigned to the PD with evaluation authority over these people, it would remove any independence the PCO currently holds. The PD is success oriented and his career/evaluation is dependent on the success of his program. Many of these people come into an organization with little or no acquisition experience and leave in three years or less, leaving many created problems that must be resolved by the civilian work force. Program people are more concerned with moving a system thru the acquisition cycle regardless of the cost and technical problems. The B-1 and now the B-2 are perfect examples of these success oriented PMs (billions in overruns for systems that don't work). We are the only major military power that allows the acquisition of weapons to fall under the authority of the DOD.

48. In order for COs to be truly effective, increased autonomy is needed from the PD; the acquisition career field is suffering as a result of more pressure to support PDs, Division Commanders, Deputy Commanders, and higher whose main goals are to get on contract faster rather than more properly. The result is that the ultimate customer (i.e. the taxpayer, not the PMs) is not receiving the value for its money. More congressional involvement in the process is inevitable, and probably necessary before COs can properly do the job the FAR says they're to do. Finally, most PDs are much "closer" to their contractors than are the PCOs. That assures disastrous consequences if PDs are given contracting authority.

49. The whole drift of the questionnaire (that is, giving contracting authority to PMs) would be hilarious if it weren't terrifying. To think the idea could actually occur to someone is disturbing.

50. The PD must have knowledge of the law mandated by Congress before having any authority in contractual matters. The PDs primary responsibility lies within program scheduling and, if anything, the CO should have the PDs function or responsibility.

51. A question arises is a staff agency for contracting necessary if contracting authority shifted? Would it be akin to that of a JA? How much authority would it have? Often PMs and even PDs are too schedule and technical conscious and don't always attend to the cost ramifications.

52. Shifting contracting authority would be the greatest disaster ever for Gov't acquisition! PDs are generally rather childlike in the understanding of the legal and contractual framework of contracts. Directors of Contracting with decades of professional contracting experience and expertise have the judgment to guide the business decisions/judgment required and it must be independently exercised.

53. Survey should have given some background as to what else would happen if contracting authority were shifted to PDs. Is the Contracts Director eliminated? Is the PM matrix eliminated? Do PCOs report through channels to the PD? I feel that taxpayers could save alot of money and the bureaucracy could function more efficiently if the bureaucracy were pared down. I could see some real cost savings if the above way was, in fact, implemented. Abolish PM and PMW and the Contracting Directorate. Civilian matters should be handled by a competent personnel office and there should be no PMW to intercede. Procurement policy and the procurement committee would support the PD and the staff offices.

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In Air Force Systems Command (AFSC), program directors have overall responsibility for managing the acquisition of weapons systems. However, they have no contracting authority. The separation of responsibility and authority violates a basic management principle, which states that the level of responsibility and authority vested in an individual should be roughly equivalent. This situation may cause inefficiencies and undue organizational conflict in the acquisition process.

The objective of this research is to determine whether the acquisition process can be streamlined by vesting program directors with contracting authority. Through a comprehensive mail survey of all program directors and procuring contracting officers (PCOs) in AFSC, the perceptions of the key individuals in systems acquisition were measured to determine if shifting contracting authority to program directors would improve the acquisition process.

The results of the survey revealed that the present authority relationships via the matrix organization work reasonably well, and should remain intact. Both program directors and PCOs emphasized the importance of the current check and balance system.

The survey also found a moderate level of conflict between program directors and PCOs, and low conflict between the Government and defense contractors. Finally, the research revealed that both program directors and PCOs are highly educated and experienced; a finding which appears to contradict the findings of the Packard Commission.

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